Daily Report

East Asia

FBIS-EAS-90-046
Thursday
8 March 1990

Daily Report
East Asia

FBIS-EAS-90-046 *8 March 1990*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

Ozawa To Seek Northern Islands Deal in Moscow *[KYODO]* 1
Kaifu Denies Discussing Telecommunications *[KYODO]* 1
Kaifu 'Worried' About Nation's Image in U.S. *[KYODO]* 1
Yoshimoto Says Discount Rate Hike Not Warranted *[KYODO]* 1
Rate Hike Ruled Out *[KYODO]* 2
BOJ Governor Leaves for Europe *[KYODO]* 2
BOJ Financial Reforms Proposal *[KYODO]* 2
G-7 Officials Affirm Commitment to Stable Rates *[KYODO]* 3
Monetary Officials Address Tokyo Press *[KYODO]* 3
OECD Officials Hail Narrowed Trade Surplus *[KYODO]* 3
Finance Minister Urges Structural Reforms Steps *[KYODO]* 4
Finance Ministry Reveals Public Spending Plan *[KYODO]* 4
Muto Denies Plan To Form SII Committee *[KYODO]* 4
U.S., Japanese Decisionmaking Customs Different *[KYODO]* 5
Report Shows Growth of Service Industries *[KYODO]* 5
FRG's Schmidt Tells Kaifu USSR No Threat *[KYODO]* 5
Nakayama Pledges Effort To Reduce World Tension *[KYODO]* 6
Pacific Rim Nations Plan Regular Economic Talks *[KYODO]* 6
Minister Denies Asylum to Chinese Hijacker *[KYODO]* 7
Kaifu Welcomes Chamorro's Victory in Nicaragua *[KYODO]* 7
Spain Wants Japanese Auto Industry Investment *[KYODO]* 7
Opposition Criticizes Kaifu's 'Weak Power Base' *[KYODO]* 8
Tsukahara: Recruit Bought Fundraising Tickets *[KYODO]* 8
Doi Urges JSP To Build Competence To Govern *[KYODO]* 8
JSP Formally Asks Doi To Remain Leader *[KYODO]* 9
JSP To Seek Economic, Social Justice in Plan *[KYODO]* 9
Korean Workers Protest Layoffs at ROK Plants *[KYODO]* 9
Sony Announces Handwriting Recognition Computer *[KYODO]* 10
Chinese Olympic Committee Official Interviewed *[KYODO]* 10

Mongolia

Reportage on Hunger Strike, Government Response 11
Government Issues Communique *[Ulaanbaatar International]* 11
Strikers Express Determination *[Ulaanbaatar International]* 12
Strike Draws Sympathizers *[East Berlin ADN]* 12
Strikers Meet With Premier *[East Berlin ADN]* 12

North Korea

KCNA Carries Criticism of 'Team Spirit 90' 13
Aerial Maneuver Assailed 13
Carrier's Departure Reported 13
Maneuvers Decried at Meetings 13
PRC Spokesman Cited 13
Union Group Condemns Maneuvers 14
Kaifu's U.S. Trip Reveals 'U.S.-Toeing Stance' *[KCNA]* 14

Further Criticism of Kaifu *[KCNA]* 14
South Told To Stop Tunnel 'Smear Campaign' *[KCNA]* 14
Release of ROK 'Political Prisoners' Demanded *[KCNA]* 15
CPRF Censures South for 'Fascist Crackdown' *[KCNA]* 15
NODONG SINMUN on Reunification Plan 16
'Sacred Struggle' Continuing *[KCNA]* 16
Confederal Republic Plan Lauded *[KCNA]* 16
Ethiopian Supports DPRK Reunification Plan *[KCNA]* 17
Commodities Protocol Signed With Hungary *[KCNA]* 17
Economic Delegation Departs for Iran 5 Mar *[KCNA]* 17
Chongnyon Delegation Arrives in Wonsan 7 Mar *[KCNA]* 17
Kye Ung-tae Addresses Indian Party Delegation *[KCNA]* 17
GDR Military Attache Hosts Party at Embassy *[KCNA]* 18
Ambassador to State of Palestine Appointed *[KCNA]* 18
Korean Workers Party Congratulates Mandela *[KCNA]* 18
Progress in Mining Construction Reported *[KCNA]* 18
'Powerful Drive' Reported in Water Projects *[KCNA]* 19
Increased Carbide Output Reported in Sunchon *[KCNA]* 19
Innovations Noted in Rolled Steel Production *[KCNA]* 19
Upsurge Urged at Production Innovators Meeting *[KCNA]* 20
Ongoing Drive for Production of Consumer Goods *[KCNA]* 20
Papers Urge Heightening Workers' Vanguard Role *[KCNA]* 21
Daily Praises DPRK's Socialist System *[KCNA]* 21
Meeting on Shock Brigade Founding Anniversary *[Pyongyang Radio]* 22
Method of Chuche Idea Indoctrination Specified *[Pyongyang Radio]* 23
Three Revolutions Stressed on Work Anniversary *[KCNA]* 25
SKNDF Marks Founding of Mongolian Party *[Radio VONS]* 26

South Korea

Pak Chol-on on Secret North-South Contacts *[YONHAP]* 26
North Considers Recalling Students From USSR *[YONHAP]* 26
Envoys Told To Advance Ties With PRC, USSR *[YONHAP]* 27
Government Steps Up Contacts With USSR, PRC *[YONHAP]* 27
Entourage Named for Kim Yong-sam's Moscow Trip *[YONHAP]* 27
Uranium Import Deal Struck With Soviet Union 28
Ministry Issues Announcement *[YONHAP]* 28
Uranium Agreement Analyzed *[YONHAP]* 28
'Hasty Conclusion' on Ties *[THE KOREA HERALD 7 Mar]* 29
Soviet Bank Concludes Correspondent Agreement 29
Bank Chairman Visits Seoul *[YONHAP]* 29
Agreement Reached 6 Mar *[YONHAP]* 30
Steel Company Signs Deal With Soviet Importer *[YONHAP]* 30
Paper Stresses Prudent Approach Toward Moscow *[CHOSON ILBO 3 Mar]* 30
Poland, Korea Initial Double-Tax Agreement *[YONHAP]* 31
Seoul 'In No Hurry' To Establish GDR Ties *[YONHAP]* 31
Firms To Participate in Iranian Energy Projects *[THE KOREA TIMES 22 Feb]* 31
MAC Counterproposes Meeting on 14 March *[Seoul Radio]* 31
'Assistant's Role' Urged for U.S. Forces *[CHOSON ILBO 17 Feb]* 31
Journalists Question Kang Yong-hun by Satellite *[Seoul TV]* 32
Paper Welcomes Democratic Reforms in Military *[THE KOREA TIMES 17 Feb]* 33
Government To Eliminate Counterfeit Goods *[THE KOREA TIMES 17 Feb]* 33
Source of Pro-Pyongyang Mail in South Sought *[THE KOREA TIMES 22 Feb]* 34
Peaceful Peninsula Fruit of Northern Policy *[THE KOREA HERALD 2 Mar]* 35

SOUTHEAST ASIA

Brunei, Malaysia & Singapore

Malaysia

Government, Singapore To Step Up 'Dialogue' *[Singapore Radio]* 36
Security Forces To Continue Thai Border Patrols *[BERNAMA]* 36
Commentary Reaffirms Support for Palestine *[Kuala Lumpur International]* 36
Commentary Lauds Growing Ties With Latin America *[Kuala Lumpur International]* 37

Singapore

Armed Forces To Buy Maritime Patrol Aircraft *[THE STRAITS TIMES 2 Mar]* 37

Cambodia

Sihanouk Prepared To Meet Vietnamese, Soviets *[AFP]* 38
SRV Embassy Denies Report on Military Presence *[SPK]* 38
SPK Reports on Results of Military Operations 38
Son Sann Gives Interview on Jakarta Meeting *[Radio VOK]* 38
Ranariddh Says Resistance 'Cooperating Well' *[Radio VODK]* 40
VONADK Reports SRV Casualties on Route 10 40
Mongolian Ambassador Baasanjab Receives Welcome 40
Meets Heng Samrin *[Phnom Penh Radio]* 40
Meets Chea Sim *[Phnom Penh Radio]* 41
Meets Tie Banh *[Phnom Penh Radio]* 41
Heng Samrin Receives Outgoing CSSR Ambassador *[Phnom Penh Radio]* 42
Bulgarian Officials Receive Greetings Messages *[Phnom Penh Radio]* 42
Foreign Minister Greeted *[SPK]* 42
Mladenov Receives Cambodian Envoy's Credentials *[Phnom Penh Radio]* 42
Road to Thai Border Being Built in Koh Kong *[SPK]* 42

Indonesia

Suharto Meets Visiting Norwegian Minister 5 Mar *[ANTARA]* 43
Suharto Meets With Polish Delegation 6 Mar *[Jakarta Radio]* 43
Alatas on Attention to Cambodia, Palestine Issues *[ANTARA]* 43
Ali Alatas Likely To Visit PRC in April *[ANTARA]* 43
Double Tax Avoidance Accord Signed With Italy *[THE INDONESIAN TIMES 19 Feb]* 44
Joint Security Panel With PNG Planned *[Jakarta Radio]* 44
Commentary Reviews Failure of Cambodia Talks *[Jakarta Radio]* 44

Laos

Nouhak Phoumsavan Delivers Inaugural Speech *[PASASON 10 Feb]* 44
Interior Ministry Holds Annual Conference *[KPL]* 47

Philippines

Manglapus Says Bases Can Stay If Used Jointly *[Manila Radio]* 47
Former Senator Tanada Urges Removal of Bases *[PHILIPPINE DAILY INQUIRER 8 Mar]* 47
Women Hold Antibases Rally at U.S. Embassy *[Quezon City Radio-TV]* 48
Japan Urged To Help Rebuild Economies in Asia *[Tokyo KYODO]* 48
Austria 'Will Not Reduce' Pledged Aid *[Manila Radio]* 48
Aircraft Agreement Signed With Italian Firm *[Manila Radio]* 48
Aquino Warns Officials About Private Arsenals *[Manila Radio]* 48
De Villa Orders Probe of Alleged Payoffs *[Quezon City Radio]* 49
Government Forces Said To Recover Six Towns *[MANILA BULLETIN 8 Mar]* 49
Immigration Puts Enrile on Hold Order List *[Manila Radio]* 50
Brawner To Petition for Writ of Habeas Corpus *[Manila Radio]* 50

Salonga Cites 'Issues' Used by Coup Leaders *[MANILA BULLETIN 7 Mar]* 50
Joint Committee Favors Parliamentary System *[Manila Radio]* 50
Civilians Reportedly Used as Shields by Rebels *[PHILIPPINE DAILY GLOBE 8 Mar]* 51
NPA Raids in Ifugao Linked to Cordillera Polls *[Quezon City Radio]* 51
WB Says Nation Next 'Tiger Economy' in Asia *[THE MANILA CHRONICLE 17 Feb]* 51
Official Says World Bank To Extend More Loans *[Manila Radio]* 51
New Central Bank Governor Seeks 'Stability' *[Manila Radio]* 52
Gross International Reserves Figures for Jan *[BUSINESS WORLD 20 Feb]* 52
Deficit in 3d Quarter External Deals Reported *[PHILIPPINE DAILY GLOBE 20 Feb]* 52
NDF Denies Government Claim of Economic Growth *[THE MANILA TIMES 25 Feb]* 54

Thailand

Government, Cambodian Troops Clash at Border *[AFP]* 54
Officials Comment on Neutral Camps for Cambodians *[BANGKOK POST 8 Mar]* 55
Prime Minister Chatchai Leaves for Belgium *[Bangkok Radio]* 55
Officials Discuss Upcoming APEC Meeting *[THE NATION 3 Mar]* 55
Burmese Border Forces Release 70 Thai Workers *[THE NATION 2 Mar]* 57
Commentary Examines Need for New Foreign Policy *[THE NATION 26 Feb]* 57
Banhan Rejects Reports Chawalit To Join Cabinet *[THE NATION 4 Mar]* 59
1989 Economic Expansion, Performance Examined *[THE NATION 21 Feb]* 59

Vietnam

TV Interviews Hun Sen on Jakarta Meeting *[Hanoi International]* 62
Further Commentary on Meeting in Jakarta 63
Results Assessed *[Hanoi Radio]* 63
Khmer Rouge Blamed *[Hanoi International]* 64
Army Youths Contribute Opinions on Party Work *[Hanoi Radio]* 64
Informal Meeting With United States Viewed *[Jakarta TEMPO 24 Feb]* 66
Party Members Implicated in Sex Scandal *[AFP]* 67
Vo Van Kiet on 'Debauchery' *[Hanoi Radio]* 68
Army Paper Comments on Coup in Afghanistan *[VNA]* 68
Economic Ministers on Import-Export Operations *[VNA]* 68
Agriculture Ministry Discusses Production, Goals 69
Record Quantity in 1989 *[VNA]* 69
Discusses Achievements *[Hanoi Radio]* 69
To Expand Cooperation *[VNA]* 69
Minister Interviewed *[VNA]* 69
Industrial Production in Hanoi on Increase *[VNA]* 70
Building Minister Issues Bidding Regulations *[Hanoi Radio]* 70
UNDP-Funded Mekong River Delta Plan Signed *[Hanoi Radio]* 71

AUSTRALASIA

Australia

Government, Indonesia Discuss Military Exercises *[Melbourne International]* 72
Opposition Leader Outlines Economic, Tax Reforms *[AFP]* 72
Domestic Pilots 'Surrender' in 7-Month Dispute *[AFP]* 72

New Zealand

Opposition Switches Stand on U.S. Warship Visits *[AFP]* 73
Palmer on Suggestions About Rejoining ANZUS *[Melbourne International]* 74

Solomon Islands

Melbourne Radio on Melanesian Leaders' Summit 74

Japan

Ozawa To Seek Northern Islands Deal in Moscow

OW0803012090 Tokyo KYODO in English 0039 GMT 8 Mar 90

[Text] Tokyo, March 8 KYODO—The secretary general of Japan's ruling Liberal Democratic Party (LDP), Ichiro Ozawa, will visit the Soviet Union possibly in May to seek a solution to a territorial dispute over Soviet-held islands off northern Japan, sources said Thursday. Ozawa met Soviet Ambassador to Japan Nikolay Solovyev at the LDP Headquarters here Wednesday and the two agreed on the visit, the sources said.

Ozawa will meet Soviet leaders to discuss the territorial dispute over the four islands off Hokkaido which the Soviets occupied at the end of World War II. The dispute has stalled Japan-Soviet relations and prevented the signing of a peace treaty between them.

When former LDP Secretary General Shintaro Abe led a party mission to Moscow in January, Soviet leader Mikhail Gorbachev recognized Japan's "inherent right" to claim the islands.

Soviet Politburo member Aleksandr Yakovlev, in a meeting with Ozawa in Tokyo last November, proposed "a third way" for a solution to the territorial problem, while Soviet Foreign Ministry spokesman Gennadiy Gerasimov indicated last month that stepped up trade and economic relations would help resolve it.

Kaifu Denies Discussing Telecommunications

OW0803083090 Tokyo KYODO in English 0645 GMT 8 Mar 90

[Text] Tokyo, March 8 KYODO—Prime Minister Toshiki Kaifu denied Thursday a claim made by U.S. President George Bush that discussions by the two leaders at their weekend summit meeting in California had included reference to telecommunications. Responding to a question from reporters, Kaifu admitted he and Bush had discussed three "specific products" covered by the "Super 301" Clause of the 1988 Trade Act—supercomputers, forest products, and satellites.

Kaifu also admitted Bush picked up the issue of the semiconductor trade during their talks in which the U.S. called for easier foreign access to the Japanese market.

Bush said in a speech before U.S. industrialists Wednesday he and Kaifu had "specifically discussed satellites and telecommunications, supercomputers, forest products, and yes, semiconductors."

Kaifu 'Worried' About Nation's Image in U.S.

OW0803110990 Tokyo KYODO in English 1037 GMT 8 Mar 90

[Text] Tokyo, March 8 KYODO—Prime Minisiter Toshiki Kaifu, warning that Americans increasingly see Japan as a "peculiar" country, reiterated a pledge Thursday to resolve strained trade relations with the United States. Kaifu, who earlier in the week had asked his cabinet to cooperate in overcoming sticky trade issues, said he is concerned about a spreading view in the U.S. that Japan is "different" from other industrialized countries.

"I'm worried about a spreading view in the United States that Japan is a peculiar country," Kaifu said at a session of the House of Representatives Budget Committee. He said he is particularly concerned about "revisionist" hardline critics who believe that trade with Japan must be managed because of Japan's failure to follow internationally accepted business practices.

"This is not simply a matter that can be solved by achieving a balance of trade. It is necessary to solve the structural differences," Kaifu said.

U.S. President George Bush is aware that Japan's trade surplus with the United States is decreasing due to Japan's efforts to expand imports, Kaifu asserted. He also said U.S. farmers are also aware that Japan is their largest market for agricultural produce, he said.

Japanese figures show that Japan's trade surplus with the U.S. in 1989 totaled 45 billion dollars, down 5.5 percent.

It is business customs such as "keiretsu" group relationships, whereby businesses are interlocked by cross stock ownership, that make it appear as if Japan abides by different rules, Kaifu said.

The prime minister also said he hopes to continue holding summit meetings with Bush like the one in Palm Springs, California, last weekend, in order to further cement friendly relations. Kaifu continued to deflect suspicions that he may have made a secret pledge to Bush on concrete trade issues during the March 2-3 meeting.

Statements by Bush and Kaifu have differed on whether any specific issues were discussed, with reports from Washington stating that telecommunications, satellites, supercomputers, and semiconductors were specifically mentioned during the eight hours of talks. The reports did not say whether any agreements were reached.

Yoshimoto Says Discount Rate Hike Not Warranted

OW0803051290 Tokyo KYODO in English 0413 GMT 8 Mar 90

[Text] Tokyo, March 8 KYODO—Bank of Japan [BOJ] Deputy Governor Hiroshi Yoshimoto said Thursday that the current situation does not warrant raising Japan's official discount rate. He made the remark at a

hearing of the House of Representatives Budget Committee, denying recent reports on an early hike in the key lending rate. The central bank raised the rate, at which it lends to commercial banks, three times last year to 4.25 percent.

Yoshimoto said, "There is no change in economic fundamentals, and the current situation is not one for raising the official discount rate." Commenting on the yen's recent weakness against the dollar, Yoshimoto said that speculative moves are strong in currency markets and the BOJ will cooperate with other central banks to check them.

Rate Hike Ruled Out

OW0703132190 Tokyo KYODO in English 1218 GMT 7 Mar 90

[Text] Tokyo, March 7 KYODO—A Bank of Japan [BOJ] source Wednesday ruled out the possibility of an imminent hike in the official discount rate to counter the yen's sharp fall against the dollar. "There is much room for making a decision (on the discount rate) at this point. We are now in a stage to wait carefully," the source said.

The source said he is aware of growing inflationary pressure at home as a result of the yen's downslide against the dollar since last December, when the BOJ raised the discount rate for the third time last year. But the source said the situation is not such that the central bank must take action in a hurry to combat the yen's decline, noting that the yen's fall has yet to lead corporations to raise prices on their products. The source went on to say that the BOJ has yet to find how the last discount rate hike is being felt.

Asked to comment the dollar's climb to near 151 yen in Tokyo Wednesday, the source said speculation was the major factor behind the dollar's rise and said speculative moves will be met by coordinated intervention.

In Tokyo Wednesday, the dollar closed at 150.75 yen, the highest level since last June and up 1.25 yen from Tuesday's close here.

BOJ Governor Leaves for Europe

OW0703130690 Tokyo KYODO in English 1131 GMT 7 Mar 90

[Text] Tokyo, March 7 KYODO—Bank of Japan [BOJ] Governor Yasushi Mieno left Wednesday for a nine-day European trip, the second overseas trip since he took office last December. Mieno will attend a monthly meeting of the Bank for International Settlements (BIS) in Basel, Switzerland, on March 12 and will meet his counterparts in West Germany on March 8 and Britain on March 9. He will return home on March 15.

Mieno's departure came amid lingering speculation that the BOJ may raise its official discount rate soon because the yen has been weakening against the dollar. In Tokyo Wednesday, the dollar climbed to a nine-month high against the yen, closing at 150.75 yen, up 1.25 yen from Tuesday's finish.

Monetary sources said Mieno will convey concern that the yen's current weakness could exaggerate inflationary pressures on the prices of goods in Japan when he meets his U.S. and European counterparts at the BIS meeting and exchange views on monetary policies with monetary officials in West Germany and Britain. Mieno, according to the sources, is to explain Japan's conditions under which an official discount rate hike will be necessary to keep inflation under control and the yen from slipping further. Mieno, among other things, is expected to say the yen's current weakness is beginning to have negative effects on the stock and bond markets, the sources said.

It was reported that there is a negative view on Japan's rate increase in the United States as it could be followed by other nations like West Germany, thus causing an outflow of foreign capital from the U.S. financial markets.

BOJ Financial Reforms Proposal

OW0203135490 Tokyo KYODO in English 1321 GMT 1 Mar 90

[Text] Tokyo, March 1—The Bank of Japan [BOJ] has put forward a financial reforms proposal to a Ministry of Finance advisory committee to help develop ways to remove the barriers between the country's banking and securities industries, a reliable financial source said Thursday. The proposal recommends that banks and brokerage companies set up subsidiaries in advancing into each other's business areas, the source said.

The bank's proposal, made to the Financial Systems Research Council, constitutes one of the five options the council formerly made known to the public. The separation of Japan's banking and securities industries is contained in article 65 of the nation's securities and exchange law, a regulation modeled after America's Glass Steagal Act of 1933.

In lowering the wall separating the country's banking groups—commercial banks, regional banks, trust banks, and long-term credit banks—the central bank's report urged that each banking group narrowly define each territory to allow them to selectively enter new areas, the source said.

The source also said the central bank's view, seeking to gradually permit various types of banks to engage in new businesses, is still that of the minority. Some analysts say the proposed measure could work to the disadvantage of trust banks, which have a smaller number of outlets nationwide compared with the country's major commercial banks.

G-7 Officials Affirm Commitment to Stable Rates

OW0703122590 Tokyo KYODO in English 1149 GMT 7 Mar 90

[Text] Tokyo, March 7 KYODO—Senior monetary officials from the Group of Seven [G-7] nations Wednesday reaffirmed their commitment to policy coordination in stabilizing currency rates, monetary sources said. The sources said vice finance ministers from Japan, Canada, France, Italy, and Britain and senior officials from the United States and West Germany shared the opinion that the dollar's current strength against the yen and other currencies is not inconsistent with each nation's economic fundamentals.

The G-7 gathering, which corresponds with a meeting of deputy finance ministers and deputy central bank governors, was held somewhere in Gifu Prefecture, the sources said. The sources said participants at the secret meeting were in agreement that a weakening of the currencies of nations with massive trade surpluses such as Japan and West Germany will impede the process of rectifying balance-of-payment imbalances and will stand in the way of each nation's efforts to alter its economic structure.

The sources did not provide other details, but participants are believed to have discussed issues regarding a planned bank for development in Eastern Europe, provisionally called the European Bank for Reconstruction and Development.

Participants included Makoto Utsumi, vice Japanese finance minister for international affairs; Jean-Claude Trichet, undersecretary of the French Treasury; and N.L. Wicks, second secretary of the British Treasury. U.S. Treasury Undersecretary David Mulford and West German Vice Finance Minister Horst Koehler were absent from the meeting.

Monetary Officials Address Tokyo Press

OW0803133090 Tokyo KYODO in English 1243 GMT 8 Mar 90

[Text] Tokyo, March 8 KYODO—U.S. Federal Reserve Board [Fed] Vice Chairman Manuel Johnson said Thursday his colleagues in the Fed share the view that a further depreciation of the U.S. currency from its current levels would be inappropriate in view of American price stability.

The present high level in capacity utilization among major Western countries, Johnson said, would suggest little room for any key currency to depreciate further from current levels. Under these circumstances, a currency's depreciation in any country could fan the fear of inflation, Johnson told a joint news conference following a symposium in Tokyo.

Stressing the need to minimize the inflation threat, Johnson called for each nation to adopt appropriate anti-inflationary monetary policies and achieve "rough stability" in currency markets. Echoing previous remarks made by Fed Chairman Alan Greenspan, Johnson said U.S. economic activity is unlikely to slow down further. He said there are signs of the economy picking up gradually, possibly beginning in the second quarter of the year.

Chances for the U.S. economy to slide into a recession are less than 50 percent, Johnson said.

In the meantime, Hans Tietmeyer, a member of the West German Bundesbank's board, said at the joint news conference that the Group of Seven (G-7) industrial countries has put too much emphasis on foreign exchange rates in their talks.

Tietmeyer, another major participant at the symposium, also called any further depreciation of the West German mark undesirable. He refused, however, to specify what levels he would consider appropriate.

Asked about the yen-dollar exchange rate, Tietmeyer said there appears to be some room for the yen to appreciate from current levels.

Johnson also said determined action to fight inflation by major industrial nations could prevent long-term interest rates from rising further worldwide. Johnson, in Tokyo to attend the symposium organized by a private study center, said rapid changes in East European countries, including moves toward reunification of the two Germanys, are partly to blame for world interest rate increases.

Higher interest rates in the advanced democracies also reflect expectations among investors that the major changes in Europe would create greater investment opportunities for them, Johnson told reporters. He also said the central banks of the major industrialized nations should cautiously manage monetary policy to keep such inflationary expectations from growing further.

Johnson, meanwhile, called on the G-7 countries to focus their attention on microeconomic policies in order to remove structural barriers to trade and investment. Johnson and some other symposium participants agreed that the G-7 nations are now expected to broaden cooperative efforts to include aspects of microeconomic policy, shifting the focus of macroeconomic policy coordination aimed at sustaining world growth.

OECD Officials Hail Narrowed Trade Surplus

OW0503130490 Tokyo KYODO in English 1211 GMT 5 Mar 90

[Text] Ito, Shizuoka Pref., March 5 KYODO—Senior officials of the Organization for Economic Cooperation and Development (OECD) hailed the shrinking Japanese trade surplus Monday and agreed on the need for stable currency markets to secure sustained world economic growth, Japanese officials said.

Senior finance and central bank officials gathered in this resort town to attend a two-day meeting of an OECD panel, known as Working Party No. 3 and chaired by Toyoo Gyohten, former Japanese vice finance minister for international affairs and now an adviser to the Finance Ministry. The working party consists of finance and central bank officials from 10 leading industrial nations in the 24-member OECD.

The Japanese officials said participants exchanged views on each nation's economic and balance of payments problems, and shared the view that volatile foreign exchange rates run counter to continued world economic growth and rectifying trade imbalances.

Japanese participants in the first day of the meeting included Tadao Chino, director general of the International Finance Bureau at the Finance Ministry. Makoto Utsumi, vice finance minister for international affairs, is scheduled to attend the second day of the talks, the officials said.

Finance Minister Urges Structural Reforms Steps

OW0803105590 Tokyo KYODO in English 1001 GMT 8 Mar 90

[Text] Tokyo, March 8 KYODO—Finance Minister Ryutaro Hashimoto emphasized the need Thursday to include measures to carry out structural reforms in a final report on Japan-U.S. trade talks due to be published in July. Speaking to the lower house Budget Committee, Hashimoto said a decision on how to deal with U.S. complaints in the Structural Impediments Initiative (SII) talks should be made before Tokyo and Washington draw up the final report.

Hashimoto was replying to opposition questions over U.S. demands that Japan redress its land taxation to bring down high land prices and boost its public spending to help rectify the trade imbalance between the two countries. Hashimoto reiterated, however, there is no need to pay heed to a U.S. call that Japan increase its public spending to 10 percent of its Gross National Product (GNP) in three to five years. "Ten percent is out of the question. We can't set any target for public spending in relation to GNP as it could undermine the Government's hand in dealing with the economy flexibly with fiscal measures," he said.

The U.S. has said Japan should make more land available for housing, bring down land prices and spend more on social infrastructure, noting that these measures should create greater demand for foreign products and help reduce the huge U.S. trade deficit with Japan which totaled 49 billion dollars in 1989.

Finance Ministry Reveals Public Spending Plan

OW0703111290 Tokyo KYODO in English 1008 GMT 7 Mar 90

[Text] Tokyo, March 7 KYODO—The Finance Ministry, in a report presented Wednesday, said it plans to continue public spending using a special account for interest-free financing to private projects in Fiscal 1992 and 1993.

The report said the ministry intends to keep 1.3 trillion yen allocated to the Industrial Investment Special Account from the General Account without regard to proceeds from the sale of shares in Nippon Telegraph and Telephone Corp. [NTT] The 1990 budget, now pending Diet approval, allocates the same amount of money in proceeds from the sale of NTT shares to the special account, which is designed to finance private projects with interest-free funds.

Public spending is one of the focal points in ongoing Structural Impediments Initiative [SII] talks between Japan and the United States. Washington has urged Tokyo to boost its public spending to improve social infrastructures.

The report was submitted to a lower house budget committee along with two other reports on debt-servicing and fiscal reforms.

In the other reports, the ministry forecast that the outstanding balance of government bonds will increase 8.4 percent to 177.9 trillion yen in fiscal 2000 from 164.1 trillion yen in fiscal 1990. But the ministry projects that per capita debt will grow at a slower pace of 2.3 percent to 1,356,000 yen in fiscal 2000 from fiscal 1990, indicating that Japan's budget is casing its heavy dependence on government bonds.

On other points, the ministry emphasized the need to cut the amount of bonds issued to finance public projects by 400 billion yen a year from fiscal 1991 in order to reduce the budget's reliance on bonds to 6.1 percent in fiscal 1993.

The statement is in line with a report presented last week to the fiscal system council. The advisory body to the finance minister called for decreasing the ratio of government bonds to total revenues to less than 5 percent by fiscal 1995.

Touching on fiscal reforms, the ministry followed recommendations in the council report, saying that budget dependence on bonds should be reduced and outstanding debt-financing bonds should be redeemed as early as possible.

Muto Denies Plan To Form SII Committee

OW0203084690 Tokyo KYODO in English 0344 GMT 2 Mar 90

[Excerpt] Tokyo, March 2 KYODO—International Trade and Industry Minister Kabun Muto denied Friday press reports that the Government and the ruling Liberal Democratic Party (LDP) are preparing to create a joint committee to cope with Japan's structural problems under discussion in Japan-U.S. trade talks. Speaking to reporters after a cabinet meeting, Muto said the press

accounts are "incorrect" and that the Government and the LDP have no plans at present to take such a step.

Faced with growing U.S. irritation over the bilateral trade imbalance, Japan is under heavy pressure to address structural problems at the Structural Impediments Initiative (SII) talks which began last September. [passage omitted]

U.S., Japanese Decisionmaking Customs Different

OW2702160490 Tokyo KYODO in English 1302 GMT 27 Feb 90

[Text] Tokyo, Feb. 27 KYODO—The current state of friction over trade between Japan and the United States is partly a product of the two countries' different decisionmaking mechanisms, a Foreign Ministry spokesman told foreign correspondents Tuesday. Taizo Watanabe, quoting an explanation he said was expounded by a Japanese participant in recent bilateral trade talks, said U.S. officials prefer to publicly state policies and set targets in the initial stage. They then follow through by implementing the appropriate measures, he said.

"On the part of Japan, first of all the obstacles (to a given goal) are looked into," Watanabe said. "When all the details are worked out, then the final policy guidance comes out." Watanabe acknowledged that, as a result of this approach, Americans are apt to "feel frustrated" when listening to Japanese officials explain the immediate difficulties faced in tackling a specific problem. "But when you look at the (end) results, one should feel very happy that the Japanese side has been working very hard to reach some kind of positive conclusion," the spokesman said.

Watanabe suggested that if Japan were to prematurely announce its policies and goals in public and subsequently not be able to follow through with them for any reason, the resulting frustration would be even more intense. "That is something we would like to avoid," the spokesman said.

U.S. trade negotiators last Friday told reporters in Tokyo they were "frustrated and concerned" following two days of talks on the bilateral trade imbalance which they said were dominated by (Japan's) "defense of the status quo." Apparently acting on that frustration, President George Bush placed a midnight telephone call to Prime Minister Toshiki Kaifu later that very evening and proposed an immediate summit meeting in California the following week, on March 2-3.

Watanabe's perspective on the recent series of bilateral trade talks, which he described as a "very constructive exchange of views," was considerably brighter than that of the U.S. trade representatives. The situation "is not so dark as portrayed by some newspapers," he said. Watanabe said Japanese officials not only explained the efforts Japan has made to date, "but they also expressed the determination to do whatever they feel they should be doing in the coming one month." Kaifu's trip to Palm Springs will serve to dispel any doubt that might exist as to the "sincerity and degree" of that determination, he said. "The American side has suggested various new ideas—some of them are very constructive, others are based on some lack of knowledge about what is going on in the Japanese economy," he said.

Referring specifically to the Structural Impediments Initiative (SII) talks, Watanabe said both sides have agreed there should be "positive thinking" expressed in next April's interim assessment report.

On the so-called Super 301 talks, which cover alleged barriers to U.S. exports of satellites, supercomputers, and timber, the spokesman said "so much progress has been made in some sectors."

But Watanabe reiterated Japan's opposition to any pressure exerted by the U.S. under a "unilateral threat of retaliation" and stressed that the talks represent merely an exchange of views rather than "negotiation."

Report Shows Growth of Service Industries

OW0703081690 Tokyo KYODO in English 0641 GMT 7 Mar 90

[Text] Tokyo, March 7 KYODO—Japan's tertiary or service industry activities last year grew a solid 5.3 percent from 1988 reflecting firm consumer spending and brisk capital investments, the Government reported Wednesday. The annual growth rate in 1989 compares with a 6.5 percent year- on-year increase in 1988, a rise of 6.0 percent in 1987 and a gain of 5.4 percent in 1986, industry data issued by the Ministry of International Trade and Industry (MITI) showed.

The industries in the data comprise a total of 80 service sectors, including financial, telecommunications, nonagricutural, and nonmanufacturing. The financial and insurance industry as a whole rose 13.5 percent last year for the fifth consecutive double-digit year-on-year increase. The rise was spurred by heavy corporate needs for new funds. The service industry, such as rental, advertisement, and information services, grew 4.9 percent, followed by a rise of 4.6 percent in wholesaling and retailing operations.

Overall tertiary sector business growth in the first six months of last year was bumpy because of the introduction of the 3 percent Consumption Tax in April, ministry officials said. In the latter half, however, the tertiary industry recovered under the expanding domestic economy, the officials said.

FRG's Schmidt Tells Kaifu USSR No Threat

OW0703115290 Tokyo KYODO in English 1030 GMT 7 Mar 90

[Text] Tokyo, March 7 KYODO—Former West German Chancellor Helmut Schmidt told Prime Minister Toshiki Kaifu Wednesday that the Soviet Union no longer poses a threat to its neighbors.

Schmidt also predicted that the German reunification process will speed up after East Germany holds elections on March 18, a Foreign Ministry official said in a briefing to reporters. Schmidt predicted that the Communist Party would garner less than 10 percent of the vote in the election, said Tadashi Fujita, director of the ministry's First West Europe Division. In a 20-minute meeting with Kaifu, Schmidt explained his four-step scenario for reunification of Germany.

Economic unification, including adoption of a single monetary unit, is likely to occur during the 1990s, followed by political unification, realignment of military alliances, and finally entry into the European Community, Schmidt was quoted as telling Kaifu. Schmidt said that Britain is likely to drop its objection to allowing a unified Germany to join the EC if the military alliance issue is resolved.

He said he expects a unified Germany to be part of the North Atlantic Pact following a gradual withdrawal of Soviet troops from East Germany. The Soviet Union is demanding that a unified Germany be neutral, while the United States says it must be part of NATO.

Schmidt came to Japan to attend a symposium on "Japan's role in the world in the 1990s" held in Tokyo on Monday.

Nakayama Pledges Effort To Reduce World Tension

OW2802041390 Tokyo KYODO in English 1809 GMT 27 Feb 90

[Text] Tokyo, Feb. 28 KYODO—Taro Nakayama, retained as foreign minister in the second cabinet under Prime Minister Toshiki Kaifu, said Wednesday Japan will strive to use its considerable economic power to promote a further easing East-West tension. Speaking at a press conference immediately after the cabinet was formed early Wednesday, Nakayama said he will accompany Kaifu on his trip to Palm Springs, California, for a summit meeting with U.S. President George Bush later this week if the Diet gives its approval.

Underlining that mutual efforts are needed to bring success to the Structural Impediments Initiative (SII) talks to remove trade and investment barriers, Nakayama said Japan will seek a "new global partnership" for the 21st century with the United States. The third round of SII talks ended last week with U.S. representatives expressing frustration at what they said was Japan's insistence on defending the status quo.

Turning to relations with the Soviet Union, Nakayama said Japan will keep pressing its claim for the return of four islands off northern Hokkaido, which were occupied by the Soviets at the end of World War II, and will demand the return of the islands in talks with Soviet Foreign Minister Eduard Shevardnadze. Nakayama indicated that Shevardnadze's planned visit to Tokyo, expected to be postponed due to developments in the Soviet Union, will be realized sometime this spring.

Nakayama welcomed the changes in the Soviet Union as a reflection of its "new thinking" and hailed the end of the U.S.-Soviet confrontation and a movement toward an era of dialogue and cooperation.

In light of the changing global situation, Japan will actively take part in settling the Cambodian conflict and create an atmosphere of a "new peace" in the Asian region, Nakayam said.

As for extending economic assistance to former communist-run nations in Eastern Europe currently struggling to uphold their reforms, Nakayama said Japan will respond case by case according to the situation in each country. Japan has already extended 200 milion dollars in economic assistance to Poland and Hungary at a meeting of 24 Western nations in Brussels last December and pledged to support the ex-communist nations which aim to introduce a market-oriented economy.

On the resumption of economic assistance to China, namely the 810 billion yen third loan package for 1990 to 1995, Nakayama said he will keep a close watch on China's stance toward Western nations. Japan has followed the U.S. and other major industrialized nations in suspending fresh economic aid to China in protest at the crackdown on the prodemocracy movement last June.

Nakayama expressed hopes for the early release of two Japanese crewmen of the No. 18 Fujisan Maru who have been detained in North Korea since 1983 on spying charges.

Pacific Rim Nations Plan Regular Economic Talks

OW0703131890 Tokyo KYODO in English 1241 GMT 7 Mar 90

[Text] Tokyo, March 7 KYODO—Eleven Pacific-rim countries agreed Wednesday to hold regular meetings of economic policymakers to harmonize their economic policies, officials at the Economic Planning Agency [EPA] said. They also agreed that the world economy will slow down, but will not fall into a recession since inflation is under control, the officials said. They discussed factors pushing up interest rates worldwide, but failed to find a definite answer, they said. U.S. representatives pointed out that rapid changes in the East European countries are causing interest rates to surge in West Germany.

The meeting is a by-product of the Asia-Pacific Economic Cooperation (APEC) Conference held last November in Canberra, Australia, where Japan called for holding such talks. The participating countries include the United States, Australia, and five of the six members of the Association of Southeast Asian Nations (ASEAN).

The discussions were focused on the economic outlooks of the participants' countries, the EPA officials said. They shared the view that economies within the region have been expanding vigorously, but prices have been

generally stable, in recent years. The average economic growth within the region slowed to 3.6 percent in 1989 from 5.0 percent the previous year, and is expected to weaken further to 2.9 percent in 1990. But the countries are not concerned that a recession is looming. The main reason for their optimism is the well-tamed inflation, which will fall to 3.4 percent in 1990 from 4.2 percent in 1989. Trade imbalances among the countries are also projected to shrink.

A senior EPA official said, "The meeting provides a good forum for the member countries to make their economic policies more compatible and effective." "For that purpose, we agreed to make the talks informal and free. We would like to invite China and Taiwan to the meeting in the future," he said.

Minister Denies Asylum to Chinese Hijacker

OW2702090990 Tokyo KYODO in English 0833 GMT 27 Feb 90

[Text] Tokyo, Feb. 27 KYODO—Justice Minister Masao Goto on Tuesday rejected requests for political asylum by Chinese hijacker Zhang Zhenhai explaining that Zhang's crime had disqualified him from refugee status. Zhang had sought refugee status saying he feared persecution for his participation in prodemocracy demonstrations last June around Tiananmen Square if returned to China.

Chinese officials say Zhang is wanted for embezzlement and have demanded his repatriation. Goto noted the extradition of hijacking suspects is a customary practice under international law. Public prosecutors submitted the case to the Tokyo High Court on February 23 for a decision.

Zhang's lawyers have argued he is fleeing for political reasons and will face the death penalty in China despite assurances by Beijing to the contrary. Zhang hijacked a New York-bound Air China flight last December forcing it to land in the southern city of Fukuoka. Police arrested Zhang soon afterward, sending the plane with Zhang's wife and son aboard back to Beijing. No passengers were injured in the incident but Zhang suffered a broken pelvis after being pushed from the plane by a flight attendant just after landing.

Kaifu Welcomes Chamorro's Victory in Nicaragua

OW2702090590 Tokyo KYODO in English 0607 GMT 27 Feb 90

[Text] Tokyo, Feb. 27 KYODO—Japan on Tuesday welcomed the victory of opposition candidate Violeta Chamorro in democratic Nicaraguan presidential elections as a step toward peace in the Central American region.

Prime Minister Toshiki Kaifu, in a telegram to Chamorro, extended his congratulations on her win. Kaifu called for the furthering of bilateral ties and cooperation among Central American states to maintain peace.

Foreign Minister Taro Nakayama said he hoped the new government would "provide stability for the lives of the Nicaraguan people." Ministry officials hinted that development aid, suspended a decade ago, may be unfrozen. Chamorro won a landslide victory against the governing Sandinistas led by President Daniel Ortega in Nicaraguan elections held Sunday.

The foreign minister praised the "victory of Ms. Chamorro by democratic vote" as an "extremely good outcome." Japan had contributed money and observers to a United Nations team sent to observe the voting. The ministry, in a statement, called the elections "an important step for the achievement of peace in Central America."

Ministry officials lauded the effectiveness of international organizations involved in monitoring the vote. Some 3,000 election observers including former U.S. President Jimmy Carter pronounced the elections fair.

The election of Chamorro brings to an end over a decade of rule by the Sandinistas, who toppled dictator Anastasio Somoza in 1979. Ortega has pledged to abide by the election results.

Chamorro, publisher of the country's major opposition newspaper, received considerable financial backing from the United States for her election campaign, and led her united national opposition coalition to victory with a sizable majority.

Foreign Ministry spokesman Taizo Watanabe said Japan would do what it could to contribute to the economic growth of the region and a solution to its refugee problems. Strife in both Nicaragua and El Salvador has displaced hundreds of thousands of people. Ministry sources said the unfreezing of aid to Nicaragua, halted after the Sandinista takeover, will be reviewed in the near future. Support for technical trainees and aid for natural disasters, which were not suspended, amounted to 410,000 dollars in 1988.

Officials attributed the strong opposition win to voter discontent with worsening economic conditions and civil warfare between the Sandinistas and the U.S.-backed Contras.

Spain Wants Japanese Auto Industry Investment

OW0803152690 Tokyo KYODO in English 1301 GMT 8 Mar 90

[Text] Tokyo, March 8 KYODO—Spain's Minister of Industry and Energy Jose Claudio Aranzadi Martinez said Thursday Spain wants Japanese auto industry investment. Spain is looking for Japanese makers of cars or auto components to advance into the country, Aranzadi told a press conference in Tokyo. He said Spain

wants manufacturers of medium-sized or large cars, since most of the cars being made in Spain are compact models.

Referring to reported tie-up talks between the Mitsubishi Group of Japan and the West German conglomerate of Daimler-Benz, Aranzadi said he understood the talks are aimed at broad manufacturing cooperation. This is a sound strategic move, and should be encouraged, he said, emphasizing this is his personal view.

Opposition Criticizes Kaifu's 'Weak Power Base'

OW2802002990 Tokyo KYODO in English 1821 GMT 28 Feb 90

[Text] Tokyo, Feb. 28 KYODO—Opposition parties, criticizing the second cabinet of Prime Minister Toshiki Kaifu, said Wednesday the procedure of forming the cabinet revealed Kaifu's weak power base within the Liberal Democratic Party (LDP).

In a written statement, Tsuruo Yamaguchi, secretary general of the largest opposition party, the Japan Socialist Party (JSP), said the cabinet lineup is the result of a power struggle among the factions in the LDP. Yamaguchi also said the two women who were appointed by Kaifu in his first cabinet with the aim of attracting female voters in the general election held February 18, were dumped in the second Kaifu administration.

Yuichi Ichikawa, secretary general of Komeito, expressed concern over the Kaifu government, also saying the procedure of naming cabinet members shed light on the prime minister's weak power base. He said he is apprehensive about the Kaifu government's ability to tackle mounting problems at home and abroad.

Japan Communist Party Secretary General Mitsuhiro Kaneko issued a statement criticizing the new cabinet lineup, saying the LDP is sticking to its policy of maintaining Japan-U.S. security arrangements, which run counter to the growing global trend toward disarmament.

Takashi Yonezawa, secretary general of the Democratic Socialist Party, said in a statement that he does not think the new government will be able to deal with important internal and external policy matters, including tax reform and trade talks with the United States.

Shogo Abe, secretary general of the United Social Democratic Party, said the inadequacy of Kaifu's leadership produced a government that is without freshness.

Tsukahara: Recruit Bought Fundraising Tickets

OW0203171190 Tokyo KYODO in English 1508 GMT 2 Mar 90

[Text] Tokyo, March 2 KYODO—New Labor Minister Shunpei Tsukahara said Friday that the scandal-tainted information conglomerate Recruit Co. had purchased 6.3 million yen worth of tickets to his fundraising parties between 1984 and 1988. Tsukahara, a six time Liberal Democratic Party [LDP] member of the House of Representatives, told reporters that Recruit first bought 110 of the 30,000-yen tickets to a celebration party held when he became vice labor minister in the fall of 1984.

Recruit's second ticket purchase took place in March 1986 when the company took 50 of 20,000-yen tickets for another Tsukahara party, he said. Tsukahara said the third and last ticket sale to Recruit was in March 1988 when he held another party to celebrate his assumption of the post of a lower house committee chairman. He said the firm purchased 100 of 20,000-yen tickets adding the company's founder and former president, Hiromasa Ezoe, who has been indicted on stocks-for-favors bribery charges, was among the party's sponsors.

"My office people asked him (Ezoe) to be a party sponsor as a socially influential person. But I have never met him, not a single time," he said.

He admitted Recruit's political actions may have been aimed at him because he was vice labor minister. Recruit is alleged to have launched a massive bribery campaign targetted at Labor Ministry officials to influence them to retain the policy of banning Japanese firms from scouting new university graduates "out of season." Under the system, the company was able to sell information on companies to students seeking jobs.

Two former senior Labor Ministry officials are under indictment for allegedly accepting unlisted shares of Recruit Cosmos Co., a real estate subsidiary of Recruit, as bribes. The price of the shares soared when they were offered for over-the-counter sale, producing huge profits for their holders.

Meanwhile, former labor minister, Hyosuke Niwa, a senior LDP member of the lower house from Aichi Prefecture, has not been seen in public after family members were charged by police with giving cash to collect votes. He has not appeared at the ongoing Diet session. Another former labor minister, Mitsuo Horiuchi lost in the February 18 lower house election.

A weekly magazine which went on sale Thursday said Prime Minister Toshiki Kaifu himself had received more cash donations from Recruit than he acknowledged when he assumed the premiership last August. He has denied the report.

Doi Urges JSP To Build Competence To Govern

OW0303101390 Tokyo KYODO in English 0834 GMT 3 Mar 90

[Text] Atami, Shizuoka Pref., March 3 (KYODO)—Japan Socialist Party [JSP] Chairwoman Takako Doi on Saturday called for the main opposition party's efforts to build up its competence to take the reins of power. Doi, speaking at a national meeting of senior party officials

here, said the JSP's platform adopted in 1986 states a path to establish social democracy in Japan.

Referring to experiences of social democratic governments in Western Europe, she said the JSP must build up its potential to become a government party, Doi said. She also said the party should strengthen its policy board and create a system for forming a shadow cabinet. However, Doi did not say whether she will seek a third term in this month's election of the party head. However, no other candidates are expected to run.

Doi said the JSP made big gains in the February 18 general election but it was a "half victory" as the ruling Liberal Democratic Party kept its solid majority in the House of Representatives. She said the JSP must overcome such weak points as the unsuccessful talks on an opposition coalition government scheme and its inability to field a sufficient number of candidates in the general election. The election results also showed people hesitated to entrust power in a coalition government of opposition parties, she said. Doi said her party will continue talks with centrist opposition parties on the coalition government scheme and try to iron out differences.

JSP Formally Asks Doi To Remain Leader

OW0803084290 Tokyo KYODO in English 0643 GMT 8 Mar 90

[Text] Tokyo, March 8 KYODO—Japan Socialist Party (JSP) Secretary General Tsuruo Yamaguchi on Thursday formally requested Chairwoman Takako Doi to continue as leader of the country's largest opposition party. The popular JSP politician avoided giving a firm answer immediately but is virtually certain to accept requests for a third term by Friday. She was first elected in 1986.

The JSP will formally accept candidates for its leadership election Friday.

"A third term for Chairwoman Doi is the will of the whole party. To replace her with another person would be difficult," Yamaguchi said. Vice Chairmen Toshiharu Okuda and Masahiro Yamamoto also requested a third term for Doi at the meeting of the party's executive.

Doi is expected to be elected unopposed for her third term without voting if no other candidates run for the election. Her popularity is largely credited with leading the JSP to large gains in both the House of Councilors election last July and the general election last month.

JSP To Seek Economic, Social Justice in Plan

OW0303105090 Tokyo KYODO in English 1004 GMT 3 Mar 90

[Text] Tokyo, March 3 (KYODO)—The main opposition Japan Socialist Party [JSP] will seek economic and social justice and fairness in action plan for this year, party sources said Saturday. The draft action plan under the slogan of "Challenge to Unfair Society" will be proposed at a three-day regular party convention to open here April 3.

Encouraged by the big gains it made in the February 18 general election, the JSP will discuss ideas for action, party organization, and policies with an aim of eventually forming a coalition government of the present opposition parties, the sources said.

The ruling Liberal Democratic Party [LDP] has a solid majority in the House of Representatives, while the JSP-led opposition controls the less powerful House of Councillors as a result of the election of that chamber in July last year.

The JSP leadership will propose to revise party rules in line with the party platform adopted in 1986, adopt a party resolution, and reorganize the party setups, the sources said. The party leadership will also propose to lay the groundwork to form a "national union" comprising all circles, party, they said. Toward that end the JSP will try to establish a network of woman's and civic movements and build up cooperation with the Japanese Trade Union Confederation (Rengo), the nation's largest labor union organization.

The draft lists as matters of priority social unfairness, aging society, disarmament and peace in post-cold war age, freedom and democracy, human rights, and other issues. The party also plans to promote exchanges with social democratic parties in Europe and strengthen activities of socialist international.

Korean Workers Protest Layoffs at ROK Plants

OW0403141690 Tokyo KYODO in English 1148 GMT 3 Mar 90

[Text] Tokyo, March 3 KYODO—About 100 people gathered at a Tokyo Park Saturday protesting against dismissal of Korean workers by two Japanese companies operating in South Korea, which went bankrupt last October.

Chong Hyon-kuk, chairwoman of the Korean Labor Union for Tokyo-based Sumida Electric Co., appealed to about 100 mostly female crowd that the company's development was supported by Korean workers who endured inferior labor conditions—long working hours and incredibly low wage—for the past 18 years. "And what they did was send by fax one sheet of paper declaring dismissal of 450 workers," Chong said, adding, "We could die but not be defeated, this is a fight for our right to live."

Kim He-sun, chairwoman for the Korean labor union at another Tokyo-based firm, Tanashin Electric Co., thanked Japanese women and workers for their support and pledged to fight against the "conduct of Japanese companies setting up subsidiaries in South Korea." Japanese women's groups and civic organizations which sponsored the meeting and eight representatives of the

Korean labor unions who are here to negotiate with the Japanese companies then marched through central Tokyo.

Sumida Electric, maker of video equipment parts, failed to pay workers' wages due when it went bankrupt, dismissing all its 450 employees. The company proposed to pay wages by selling the factory on condition that all employees apply for retirement. The workers are seeking back pay and the repeal of what they feel is an unfair dismissal.

Tanashin Electric, also video parts maker, dismissed about 450 employeers upon closing the factory. Negotiations are under way with Tanashin Electric proposing to increase allowances for dismissal.

The eight South Korean workers have been in Japan since last november for negotiations with the companies.

Sony Announces Handwriting Recognition Computer

OW0703085090 Tokyo KYODO in English 0809 GMT 7 Mar 90

[Text] Tokyo, March 7 KYODO—Sony Corp. announced Wednesday that it will soon start marketing a new compact size computer that can read hand-written letters and has no keyboard. The new "palmtop" computer, which is substantially smaller than a so-called "note-book type" computer, can recognize over 3,500 handwritten Japanese characters and additional graphics due to a newly-developed handwriting recognition system based on "fuzzy logic," according to the company. Instructions are entered by writing words on the display with a pen-like instrument. "Fuzzy logic" is a set of reasoning rules that enables computers to process information expressed in vague and imprecise words like "very hot."

"You don't have to read thick manuals or go to training courses to be able to use this machine," Toshi T. Doi, Sony director and senior general manager of the firm's Super Micro Systems Strategic Business Group, said at a press conference. The machine's built-in software contains a simple word processor, graphics ability, schedule, and personal data storage system. When information is entered into the computer, it instantaneously rearranges the record into a personal data base, the company said. "One-work agenda entered will result in a comprehensive schedule, including daily, weekly, monthly, and yearly appointments," the company explained in the written statement.

Sony views the new product as the precursor of an entirely new genre of computers. "This machine has historical significance," Doi declared. "The product is targeted for a far wider range of potential users in the oncoming era of home [words indistinct] everybody. "That's why we have adopted a handwriting input system," he said.

The new product, named PTC-5000 and priced at 198,000 yen, will come on the market on April 1. Sony hopes for an initial monthly production run of 1,000, and expects to sell a total of 300,000 in the first three years, Sony officials said.

Chinese Olympic Committee Official Interviewed

OW0803115690 Tokyo KYODO in English 1050 GMT 8 Mar 90

[Text] Tokyo, March 8 KYODO—China has firmly set its sight on hosting the Summer Olympic Games in 2000 with the Beijing Asian Games as a launching pad, the Chinese vice president of the International Olympic Committee (IOC) said Thuraday. In an exclusive interview with KYODO news service's Managing Editor Takaharu Kitani, He Zhenliang said China will officially announce its candidacy for the games after successfully staging this year's Asian Games.

With the Olympics in mind, China is planning to construct a multipurpose 100,000-seat stadium and other athletic facilities on 60 hectares of land near the Beijing Asian Games' Athletic Village, he said.

He, who is in Japan for the March 9-14 Sapporo Winter Asian Games, also expressed China's willingness to stage the Fourth Winter Asiad in 1999 around Harbin City in Heilongjiang Province.

North Korea will host the Third Winter Asiad in 1995 in Samjiyeon, 400 kilometers northeast of Pyongyang.

Asked about China's preparedness for the September 22-October 7 Beijing Asian Games, he brushed aside the reported financial problems needed to complete the facilities in time, saying China's "negative" side has so far been played up too much.

What China needs is greater effort to make itself better known throughout the world, said He, who is concurrently president of the Chinese Olympic Committee. He said all 39 nations and territories that belong to the Olympic Council of Asia (OCA) have expressed their intention to take part in the Beijing Games, six more than the previous record number in the 1982 New Delhi Games.

President Juan Antonio Samaranch and other IOC officials will attend the opening ceremony, he added.

Commenting on the deadlocked sports talks between North and South Korea on the formation of a joint delegation to the Beijing Games, He said he hopes the two will continue to make efforts to send a single unified team.

Mongolia

Reportage on Hunger Strike, Government Response

Government Issues Communique

OW0803142190 Ulaanbaatar International Service in English 0910 GMT 8 Mar 90

["Highlight" of "official" communique issued by the Government of the Mongolian People's Republic in Ulaanbaatar on 7 March on the "hunger strike" by members of the Mongolian Democratic Association and the Social Democratic Movement]

[Text] At a meeting on March 4th the Mongolian Democratic Association, the Social Democratic Movement, New Progressive Union, and the Union of Mongolian Students addressed a joint statement to the Mongolian People's Revolutionary Party Central Committee, the Presidium of the Great People's Hural. The joint statement contains the demand to convene an extraordinary congress of the Mongolian People's Revolutionary Party within March, change the present composition of the party Central Committee, separate party activity from that of state and governmental bodies, institute within March a provisional People's Hural with equal participation of all political forces.

The joint statement demanded that this provisional people's Hural should adopt a Constitution of the Mongolian People's Republic, new law on election, and then resign after creating new people's state institutions through democratic election. The joint statement pointed also that in course of implementing abovementioned action, no damage must be done to the country's independence, national solidarity, and the people's security. The authors of the joint statement demanded that an official answer to it be given within March 7 on national radio and TV.

The suggestions to bring nearer the date of the convocation of the party regular congress and to convene an extraordinary party congress have been formulated by party organizations and party members as well. Basing on them and in accordance with the party rules, the Politburo of the Mongolian People's Revolutionary Party Central Committee considered the matter and decided to submit it to the plenary meeting of the Mongolian People's Revolutionary Party Central Committee.

After considering these demands, member of the Politburo and Secretary of the Mongolian People's Revolutionary Party Central Committee, Deputy Chairman of the Great People's Hural Namsray and several officials have met with representatives of these organizations and then a reply to their demand was given on national radio and TV on March 6 and 7th. It said in particular that in connection when the Mongolian People's Republic Great People's Hural legally exercises its full power, the creation of a provisional People's Hural which would enjoy the right of adopting the country's Constitution and which does not reflect the will of the working people would mean an arbitrary suspension of the activity of the supreme legislative body elected by the people and would mean in fact a grave violation of the Constitution. This vital matter of the country's life must be considered only by electors themselves or by the Great People's Hural of the Mongolian People's Republic.

The Presidium of the Great People's Hural of Mongolia reiterated its stand to the effect that the work on renewing the Constitution must be speeded up and new structures of supreme legislative bodies created. This matter is to be submitted to the coming session of the Great People's Hural of Mongolia.

The Politburo of the Mongolian People's Revolutionary Party Central Committee and the Presidium of the Great People's Hural of Mongolia pointed out that while tackling pressing problems, all forces must and use [as heard] only political means, assume responsibility for the country's independence, national solidarity, and the security of nation.

The Mongolian People's Revolutionary Party Central Committee Politburo and the Presidium of the Great People's Hural have reiterated their striving to conduct businesslike dialogue with the public organizations and newly founded associations, unions, and movements and to cooperate with them on the basis of mutual understanding.

Our people have been informed that Eighth Plenum of the Mongolian People's Revolutionary Party Central Committee will be held on 12 March and the session of the Great People's Hural will gather on 21 March to discuss the matters of political reform. Everyone should be aware that extremely well-weighted attitudes are needed to tackle the problems raised by public unions and associations for they deal with fundamental principles of the political system in the country and should be settled in accordance with the ideals of renovation and the nation's interests. A solution to the many complicated problems engendered by law can be found through dialogue and mutual cooperation and making haste there may bring more than repressed nation. [sentence as heard] Besides the highest party and legislative bodies have deemed it important to solve the problem put forward in the joint statement within the active constitution and in keeping with the party rules is in line with the spirit of renovation [words indistinct] was the priority of the law and democracy. Everyone who supports the policy of renovation should understand that the matters involving the nation's interests cannot be solved through pressure exerted by that [as heard] or another union, association, or party.

The Mongolian People's Revolutionary Party Central Committee and the Government of Mongolia have more than once stated their principled position to the effect that the process of renovation should be carried out basing on the will and solidarity of the entire nation and more than one have expressed the readiness to cooperate

in a businesslike way with all public associations or unions. This position remains unchanged. The attempts of some people and some unions and associations to impose their own views on others are of no benefit to the cause of renovation. The nation's striving is to see that all those forces who want the renovation process go along, adjust their way, come together, and reach comprehension by way of a dialogue. In these conditions the hunger strike declared by some members of the Mongolian Democratic Association and the Social Democratic Movement is alien to humanism and society's interests and may do harm to their health and in fact people's state of mind.

The Government of the Mongolian People's Republic calls on the Mongolian Democratic Association and Social Democratic Movement to stop hunger strike and fulfill their promise given to the nation to creatively participate in the process of renovation respecting the law.

Strikers Express Determination

OW0803105790 Ulaanbaatar International Service in English 0910 GMT 8 Mar 90

[Text] Some members of the Coordination Council of the Mongolian Democratic Association sit in a hunger strike at the Suhbaatar Square in the front of the Government House as a sign of dissatisfaction over the official reply of the country's leadership to the demands of the Mongolian Democratic Association and other informal organizations. The reply says that it is up to the Mongolian people and the highest legislative body; that is, the Great People's Hural, to decide whether the Great People's Hural be dissolved or not.

The members of the hunger strike announced that they will stop their (?hunger) strike only after the term of the party extraordinary congress be officially fixed and the provisional Hural be formed with equal participation of all political forces.

Communique of the Mongolian Government which contains the call to the hunger strike dissidents at the Suhbaatar Square to stop the strike was transmitted over natioanl TV and radio.

Party and state bodies are taking measures on political system renewal in the country. Such (?affected) actions of strikers cannot contribute to help the atmosphere in the society, constructive dialogue, and (?prompt) settlement of burning problems, underlines the government.

Strike Draws Sympathizers

LD0803095190 East Berlin ADN International Service in German 0737 GMT 8 Mar 90

[Text] Ulanbaatar (ADN-Corr)—The hunger strike by members of the leadership of the Mongolian Democratic Union (MDU) on Suhbaator Square in the captial of the Mongolian People's Republic continued on Thursday. Eight additional people, including a woman, have joined the strike to lend emphasis to the demand that a special Mongolian People's Revolutionary Party Congress be convened and that a provisional people's hural—the parliament—be formed with all political forces. The action has found several thousand sympathizers, including members of the New Progress Union, who chanted at noon in front of the platform and mausoleum, demanding the Politburo's resignation.

Chief Mayor Sambuugiyn Monhjargal, whose executive had banned meetings and other gatherings from the Suhbaator Square in mid-January, offered the MDB [expansion unknown] functionaries humanitarian aid and offered to act as an intermediary to the party leadership. This offer was, however, rejected with the comment that the hunger strike would only be abandoned when the Politburo resigned.

A government statement published in Thursday's newspapers again points out that the Central Committee plenum takes place on 12 March and the Great People's Hural meets on 21 March. It says further that all forces affecting the destiny of the people cannot be solved under the pressure from any one side. The party leadership and government had repeatedly expressed their readiness to cooperate with the social forces. This position remained unchanged. The hunger strikers are called upon to cease their action and keep to their former promise to respect the laws and to participate creatively in perestroyka.

Strikers Meet With Premier

LD0803154290 East Berlin ADN International Service in German 1424 GMT 8 Mar 90

[Text] Ulaanbaatar (ADN corr.)—Exactly 27 hours after the beginning of the hunger strike by 10 members of the leadership of the Mongolian Democratic Union (MDU) on the Suhbaator Square in Ulaanbaatar, several of them were sitting together with representatives of the Social Democrats, the New Progressive Union, and the Union of Students at a roundtable with government head Dumaagiyn Sodnom and his deputy Dashiyn Byambasuren. The two-hour talk was broadcast live on Mongolian radio and television.

Both officials, member and candidate-member of the Politburo of the party, did not exclude the possibility that the Central Committee plenum would decide on 12 March on a special party congress. They rejected the resignation of the Politburo, and in their view, the present parliament should decide on 21 March on the new constitution and the electoral law.

To prepare both documents, representatives of all four organizations will be involved starting 9 March, as will a delegation from the "Patriotic Front," whose founding congress is still to take place. On the other hand, the representatives of the opposition stated that they will continue the hunger strike until the resignation of the Politburo and the formation of a provisional people's

hural—parliament—with all political forces. Only the new body should decide on the Constitution and electoral law.

The number of hunger strikers rose to 22 today. In the afternoon, a demonstration procession of predominantly very young people formed. They chanted and marched with state flags once around the gray building housing the Central Committee, the parliament Presidium, and the Council of Ministers. As dusk fell, the 22 participants in the hunger strike wrapped themselves again in their furs and skins and huddled close together, still surrounded by thousands of people.

North Korea

KCNA Carries Criticism of 'Team Spirit 90'

Aerial Maneuver Assailed

SK0703155590 Pyongyang KCNA in English 1534 GMT 7 Mar 90

[Text] Pyongyang March 7 (KCNA)—The U.S. imperialists on March 6 set in motion formations of "A-6" and "A-7" assault planes based on the nuclear-powered extra-large carrier "Carl Vinson," which was heading for the east sea of Korea to participate in the provocative "Team Spirit 90" war maneuvers, and let them fly above South Korea in an exercise for strikes at ground and naval targets simulating an attack on the North, according to military sources.

On the same day they staged an aerial war game simulating a surprise attack on major targets in the depth and coastal areas of the northern half of Korea by sending formations of Pacific-based "F-4," "F-15" and "F-16" fighter bombers flying in the airspace of South Korea.

Earlier, on March 5 they hurled formations of "F-4" fighter bombers into South Korea from their overseas aggression bases to stage a joint striking exercise with formations of "F-16" fighter bombers belonging to the U.S. imperialist aggression airforce present in South Korea, inciting a war fever against the North.

The warplanes of the U.S. imperialists and the South Korean puppet army mobilized in the various aerial war maneuvers in the airspace of South Korea over March 5-6 numbered more than 1,300.

Facts show that the U.S. imperialists and the South Korean puppets are more viciously maneuvering to render the situation on the Korean peninsula more strained.

Carrier's Departure Reported

SK0603113890 Pyongyang KCNA in English 1124 GMT 6 Mar 90

[Text] Pyongyang March 6 (KCNA)—The large nuclear-powered aircraft carrier "Carl Vinson" of the U.S. imperialists left Sasebo Port of Japan Tuesday morning to participate in the adventurous "Team Spirit 90."

Maneuvers Decried at Meetings

SK0803052490 Pyongyang KCNA in English 0506 GMT 8 Mar 90

[Text] Pyongyang March 8 (KCNA)—Mass meetings were held in North Pyongan Province and Chagang Province on March 7 to denounce the "Team Spirit 90" joint military exercises being staged by the U.S. imperialists and the South Korean puppets.

The speakers at the meetings said that the "Team Spirit 90" is an unpardonable challenge to the DPRK's sincere and honest efforts for peaceful reunification and to the desire of the peaceloving people of the world.

The speakers noted that they recently faked up a new false case called "the fourth tunnel" incident with a sinister intention to divert elsewhere home and foreign public attention from their anti-peace, anti-reunification moves and justify their policies of war and confrontation.

They appealed to all the Koreans in the North, the South and overseas and the peaceloving people of the world to lift up louder voices of protest against the adventurous war game of the U.S. imperialists and the South Korean puppets and decisively thwart and frustrate their moves.

They said the U.S. imperialists and the South Korean puppet clique must act with discretion, looking straight at the unshakable will and indomitable spirit of the Korean people who have risen as one man on the order of the supreme commander of the Korean People's Army with the resolution to beat the aggressors at one blow.

PRC Spokesman Cited

SK0303042190 Pyongyang KCNA in English 0408 GMT 3 Mar 90

[Text] Beijing March 1 (KCNA)—The large-scale U.S.-South Korea joint military manoeuvres are harmful to peace and stability on the Korean peninsula, said a spokesman of the Chinese Foreign Ministry in a news briefing Thursday.

The manoeuvres, he added, spoil the atmosphere of North-South dialogue, giving rise to apprehensions among the people.

Saying that China has always paid attention to the development of the situation on the Korean peninsula and hopes that the situation will be relaxed gradually, he urged the United States and South Korea to stop actions which are not beneficial to the relaxation of the situation in this region.

Union Group Condemns Maneuvers

SK0503044990 Pyongyang KCNA in English 0444 GMT 5 Mar 90

[Text] Pyongyang March 5 (KCNA)—The secretariat of the World Federation of Trade Unions in a solidarity letter to the Central Committee of the General Federation of Trade Unions of Korea denounced the "Team Spirit 90" joint military exercises in South Korea as an action of aggression to frustrate the dialogue between the North and South of Korea.

The letter expressed positive support to the DPRK's reunification proposal advanced early this year to pull down the concrete wall which divides the Koreans into those in the North and the South, realise free travel between the North and the South and open all doors.

The letter extended full solidarity with the just demand of the Korean workers and people to have a constructive dialogue to reunify their country free from outside interference.

Kaifu's U.S. Trip Reveals 'U.S.-Toeing Stance'

SK0703110290 Pyongyang KCNA in English 1031 GMT 7 Mar 90

[Text] Pyongyang March 7 (KCNA)—Japanese Prime Minister Kaifu returned home after attending Japanese-U.S. Summit talks in California, the United States, over March 3-4, forced by U.S. President Bush, according to a report.

The talks were focussed on problems in the bilateral relations between the two countries including the ever worsening economic friction.

At the talks the U.S. Side demanded that Japan take practical action quickly to ease the worsening economic friction between the two countries. Complying with his master's demand, Kaifu manifested Japan's intention to set about "economic structural reforms" and promised to remove the "root cause" of the stupendous amount of her trade surplus with the United States. He even pledged to increase Japan's share of the cost for the maintenance of the U.S. forces present in Japan, going against the will of the Japanese people.

At the talks orchestrated by Bush, Kaifu meekly accepted what the U.S. side demanded to fully show his disgraceful U.S.-toeing stance.

Further Criticism of Kaifu

SK0803103990 Pyongyang KCNA in English 1010 GMT 8 Mar 90

["Submissive Tie-Up With U.S. Tightened"—KCNA headline]

[Text] Pyongyang March 8 (KCNA)—Commenting on the Japanese Prime Minister Kaifu's visit to the United States, NODONG SINMUN today brands it as a trip to strengthen submissive tie-up with the United States.

Noting that Kaifu's American junket was thickly tinged with military character, the news analyst says:

At the talks, the U.S. and Japanese top-level leaders laid emphasis on the need of the two countries to "cooperate in international matters," asserting that the continued presence of the U.S. troops in the Asian region is "necessary for the stability" of this region. And Kaifu babbled that the "continued role of the U.S." as a "Pacific power" is inevitable.

It vividly reveals the U.S. imperialists' wild ambition to keep their troops in the Asia-Pacific region indefinitely, grab military domination, step up war preparations against socialist countries and accelerate their Asia-Pacific strategy and the global strategy, and the sinister intention of the Japanese reactionaries to involve themselves deeply in the U.S. imperialists' strategy and gratify their militarist desire for reinvasion in this region.

The talks which reportedly dealt with economic problems were, in actuality, aimed at further expanding U.S.-Japan military comperation. It must be noted that a reactionary plot against the DPRK was hatched up under the name of "North Korean problem" at the U.S.-Japan talks.

U.S.-Japan reactionary military tie-up is a source of dangers to peace and security in the Asia-Pacific region, in the Northeast Asian region in particular.

The situation on the Korean peninsula is getting more strained than in any other region and the danger of war is growing because the sharp edge of this tie-up is directed to Korea.

The ever-intensified U.S.-Japan military collusion motivated by the U.S. imperialists' ambition for world supremacy and the Japanese reactionaries' design of reinvasion evokes apprehensions from the Asian and world peoples.

South Told To Stop Tunnel 'Smear Campaign'

SK0803102090 Pyongyang KCNA in English 1001 GMT 8 Mar 90

["'Fourth Tunnel' Incident Is Political Drama for Sinister Purpose"—KCNA headline]

[Text] Pyongyang March 8 (KCNA)—The "fourth tunnel" over which the U.S. imperialists and the South Korean puppets are raising outcries, like all the previous "tunnels," is a fiction which has nothing to do with our Republic and what they call "counter shaft digging into the tunnel" is a political drama for a sinister political purpose, says NODONG SINMUN today.

Recalling that the South Korean puppets let the "national defence minister" make public a "statement" after staging the "counter shaft digging" drama on

March 3 in the presence of brasshats of the U.S. imperialist aggression forces and the senior member of the U.S. side to the Military Armistice Commission and others and on March 6 the traitor No Tae-u made his appearance at a "graduation ceremony" of the puppet military academy and slandered the North over the "discovery of the tunnel," the news analyst says:

There are quite a few points disclosing that the "fourth tunnel" incident is a third-rate drama.

To begin with, the puppets fail to indicate even the location of the "fourth tunnel" and produce the electric insulator, the sleeper and electric wire which they said were found in "the tunnel of the North." Though they said that many home and foreign reporters "verified" it on the spot, they have not televised these reporters covering it or a scene of "counter shaft digging into the tunnel."

In recent years the South Korean puppets have dug tunnels to invade the North at more than 180 spots of the frontline area under the pretext of developing underground resources. If there is "the fourth tunnel" as claimed by the South Korean puppets, it must be one of the many tunnels dug by the U.S. imperialist aggressors and the South Korean puppets to invade the North. Before the puppets began advertising the discovery of the "fourth tunnel," the South Korean radio No. 1 on February 22 reported that the chief editor and the director of the foreign news section of the South Korean SEGYE ILBO were walked to the "security command" to be "questioned" about an article about the discovery of one more tunnel.

This tells that the South Korean puppets hurriedly fabricated the "fourth tunnel" incident as a stopgap measure when the secret leaked through the South Korean press, while digging the tunnel to invade the North.

It is clear that the South Korean puppets had dug the tunnel themselves and launched the anti-DPRK campaign like a thief crying "stop thief!"

The fabrication of the "fourth tunnel" incident by the puppets is a ruse to keep off the influence of the new proposal of the DPRK for peaceful reunification, justify their policy of confrontation and war and intensify the suppression of the forces for the nation, democracy and reunification of South Korea. And it is a premeditated act to justify the U.S. troops' permanent occupation of South Korea and accelerate war preparations at faster pace to invade the North under the pretext of "threat from the North."

MINJU CHOSON in a signed commentary demands that the South Korean puppets honestly admit that the "fourth tunnel" is one of their own making to invade the North like all the previous "tunnels," apologize to the nation and stop at once their smear campaign against us.

Release of ROK 'Political Prisoners' Demanded

SK0503070490 Pyongyang KCNA in English 0435 GMT 5 Mar 90

[Text] Pyongyang March 5 (KCNA)—The Secretariat of the Committee for the Peaceful Reunification of the Fatherland in its Information No. 560 Sunday said that although the South Korean military fascist clique put some political prisoners including So Sung on parole and advertised it as a democratic step, it is preposterous.

Guiltless So Sung had been behind the bars for nearly 20 years. The South Korean puppets rigged up a fictitious "campus spy-ring case" in a bid to incite North-South confrontation and sentenced So Song to death, life imprisonment and 20 years' imprisonment, branding him as the "prime mover" in the case for the mere reason that he had visited the northern half of Korea.

The information pointed out:

The No Tae-u group put compatriot So Sung on parole and advertize it as a manifestation of generosity. Then why? It is really intended to describe the conservative coalition made at the bidding of U.S. imperialism as something for democracy and cover up its fascist nature. [as received]

The No Tae-u group should drop the third-rate farce to mislead public opinion at home and abroad and unconditionally release all the political prisoners including envoy of reunification student Yim Su-kyong and Rev. Mun Ik-hwan, apologize for taking half of lifetime from compatriot So Sung and step down from power.

CPRF Censures South for 'Fascist Crackdown'

SK0103153390 Pyongyang KCNA in English 1516 GMT 1 Mar 90

[Text] Pyongyang March 1 (KCNA)—The Secretariat of the Committee for the Peaceful Reunification of the Fatherland (CPRF) today issued Information No. 559 denouncing the No Tae-u group's fascist crackdown on the forces calling for reunification and democracy, which has become more pronounced after the criminal merger of three parties.

The information says:

The No Tae-u fascist group on February 24 mobilized police in 12 cities including Seoul to frustrate people's rallies against the three-party merger. They totally blocked the places of rallies, took hundreds of people to police stations in different parts of South Korea and made a group assault on a reporter of the newspaper HANGYORE SINMUN covering a scene.

This shows how recklessly the fascist group is running about to put down the struggle of the people for independence, reunification and democracy and satisfy its desire for long-term office.

In intensifying suppression of the dissident democratic forces opposed to the three-way merger, the No group seeks to crush the people's struggle even by force of arms and thus realise its greed for long-term office and take a tougher stance in North-South confrontation.

The No group must be mindful that the dictators of "Yusin" and "the Fifth Republic" faced a stern judgement by the people for their savage fascist repressive rule backed by the bayonet.

NODONG SINMUN on Reunification Plan

'Sacred Struggle' Continuing

SK0103105190 Pyongyang KCNA in English 1035 GMT 1 Mar 90

[Text] Pyongyang March 1 (KCNA)—To establish national sovereignty in South Korea and achieve national reunification is a sacred struggle for the realisation of the desire of the participants in the March first uprising and the most urgent national task of the Korean people, stresses NODONG SINMUN today in an editorial.

The March first popular uprising in 1919 was a nationwide anti-Japanese resistance of the entire Korean people against the Japanese imperialist occupationists for the independence of Korea and the sovereignty of the nation, the editorial says, and continues:

Many years have passed since the March first popular uprising. But national sovereignty has not yet been completely realised on a nation-wide scale and the South Korean people have not freed themselves from the colonial slavery owing to the U.S. imperialists' occupation of South Korea and their aggression policy.

The U.S. imperialists and the South Korean puppets are now staging the "Team Spirit 90" joint military exercises, rendering the situation so strained that a war may break out any moment in Korea. Following the U.S. imperialists' policy of aggression, the South Korean puppets are more zealously resorting to the moves of anti-communist confrontation and war, fascist suppression and division.

The situation shows that as long as the outside forces of aggression are stationed in one's country and the fascist traitors allied with them remain in power, national dignity and sovereignty, the people's desire for democracy, peace and peaceful reunification of the country cannot be realized.

The editorial calls upon the South Korean people to turn out as one in the struggle to liquidate the U.S. imperialist colonial rule and the No Tae-u military fascist rule.

It further says:

Workers, peasants, youth, students, religious men and opposition political figures and all other forces of the movement for the nation, democracy and reunification in South Korea must closely unite as one and smash the merger of the pro-American conservative reactionary forces, dissolve "Democratic Liberal Party" seeking a one-party show and liquidate the military fascist rule.

The proposal for founding the democratic confederal republic of Koryo is the best way to achieve national reunification most quickly under the present condition of our country.

The entire Koreans in the North, the South and abroad who love the country and the nation and aspire after national reunification should firmly unite with the national ideal of peace, reunification and patriotism and launch a powerful nation-wide struggle to smash the "two Koreas" plot of the splittists within and without and found a confederal state and reunify the country.

Confederal Republic Plan Lauded

SK0303120090 Pyongyang KCNA in English 1035 GMT 3 Mar 90

[Text] Pyongyang March 3 (KCNA)—NODONG SINMUN today carries an article headlined "The Proposal for Founding the DCRK [democratic confederal republic of Koryo] Is a Most Reasonable Way of Solving Reunification Question."

The article quotes the great leader Comrade Kim Il-song as teaching:

"Our proposal to found the democratic confederal republic of Koryo is the fairest and most realistic proposal acceptable to both the North and South. It enjoys wide-spread support from all the Korean people and the progressive people across the world."

This proposal put forward by the great leader Comrade Kim Il-song at the Sixth Congress of the Workers' Party of Korea (October 1980) is that the country should be reunified by founding a confederal republic through the establishment of a unified national government on condition that the North and the South recognize and tolerate each other's ideas and systems, a government in which the two sides are represented on an equal footing and under which they exercise regional autonomy respectively with equal rights and duties, the author of the article notes, and goes on:

This proposal reasonably formulates the principle and way of forming a unified government. It also correctly defines the position of the unified government of the confederal state and regional governments and reasonably divides their rights. In reference to the character of the confederal state, the proposal holds that the DCRK should be a neutral nation which does not join any political and military alliance or bloc.

The proposal for founding the DCRK is a most realistic and reasonable one for reunification which correctly applies the demand of the chuche idea for subordinating everything to the establishment of a complete sovereignty of the nation, regarding chajusong as the life and

soul of the nation, and fully conforms with the essence of the reunification question in our country and with the three principles of independence, peaceful reunification and great national unity which were agreed upon and proclaimed by the North and the South.

It is a just reunification proposal for resolving the reunification question in a most quick and smooth way under the actual conditions of our country where different ideas and systems exist in the North and the South and a fairest and reasonable reunification proposal for solving the reunification question of the country in a peaceful way on the principle of co-existence, neither side vanquishing the other nor overpowering the other.

It is a fair and aboveboard proposal acceptable to anyone who wants reunification, because it takes into consideration both the interests of the North and the South.

In the ten-point policy of the confederal state all the matters are so defined as to be easily acceptable by anyone who wants reunification from the question of adhering to chajusong to the questions of recognizing and protecting all forms of ownership in the North and the South and leaving intact the foreign capital invested before the reunification and continuously guaranteeing its interests.

All the facts show that the proposal for founding the democratic confederal republic of Koryo is, indeed, the best way of solving the reunification question of our country most quickly and confidently by the concerted efforts of the whole nation.

Ethiopian Supports DPRK Reunification Plan

SK0803050290 Pyongyang KCNA in English 0453 GMT 8 Mar 90

[Text] Pyongyang March 8 (KCNA)—Kim Yong-nam, vice-premier of the Administration Council and foreign minister, received a solidarity letter sent by Tesfaye Dinke, deputy prime minister and foreign minister of the People's Democratic Republic of Ethiopia [PDRE], supporting the DPRK's new proposal for national reunification.

The letter expressed full support of the Government of the People's Democratic Republic of Ethiopia to the new reunification proposal advanced by the great leader Comrade Kim Il-song in his new year address for 1990.

It is the consistent stand of the PDRE that the problem of the UN membership of Korea must be solved after the reunification of the country under the present condition where it remains divided, the letter said.

Commodities Protocol Signed With Hungary

SK0503105190 Pyongyang KCNA in English 1044 GMT 5 Mar 90

[Text] Pyongyang March 5 (KCNA)—A protocol on the mutual delivery of commodities and payments for 1990 between the governments of the Democratic People's Republic of Korea and Hungary was signed in Pyongyang on March 5.

Economic Delegation Departs for Iran 5 Mar

SK0503105390 Pyongyang KCNA in English 1045 GMT 5 Mar 90

[Text] Pyongyang March 5 (KCNA)—A government economic delegation of the Democratic People's Republic of Korea headed by Chon Il-chun, vice-minister of external economic affairs, left for Iran by air on March 5.

Chongnyon Delegation Arrives in Wonsan 7 Mar

SK0703111590 Pyongyang KCNA in English 1029 GMT 7 Mar 90

[Text] Pyongyang March 7 (KCNA)—A delegation of functionaries of the General Association of Korean Residents in Japan (Chongnyon) headed by O Hyong-chin, vice-chairman of the Central Standing Committee of Chongnyon, arrived in Wonsan today by the ship "Mangyongbong" for a visit to the socialist homeland.

It was met by Yim Hyong-ku, chairman of the Kangwon provincial People's Committee, and other officials concerned.

Kye Ung-tae Addresses Indian Party Delegation

SK0803053890 Pyongyang KCNA in English 0518 GMT 8 Mar 90

[Text] Pyongyang March 8 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] gave a reception yesterday evening for the delegation of the Communist Party of India (Marxist) on a visit to Korea.

Kye Ung-tae, member of the Political Bureau and secretary of the WPK Central Committee, spoke at the reception.

The Korean visit of the delegation shows that the bonds of friendly and comradely unity linking the two parties are very close, he said, and stressed:

The Communist Party of India (Marxist) has united all the progressive and patriotic democratic forces of the country to actively organise and mobilize them to the struggle for the democratisation of society and defence of the vital rights of the working masses and has registered many achievements in this course.

Our party and people will in the future, too, make every possible effort to advance the common cause of anti-imperialist independence and socialism to victory, closely cooperating with the Communist Party of India (Marxist).

E.M.S. Namboodiripad, general secretary of its Central Committee, spoke next.

Pointing out that the Communist Party of India (Marxist) and the Workers' Party of Korea have long forged the fraternal relations, he said: This is a pride to us.

We will as ever actively support the struggle of the Korean people for the socialist construction and the reunification of the country.

Referring to the new proposal made by the great leader Comrade Kim Il-song to pull down the concrete wall dividing Korea and reunify the country, he said that the reunification of Korea would greatly encourage them.

He expressed the belief that the relations between the two parties and the two countries would develop more favourably.

Prior to the reception there were talks between the delegations of the two parties.

GDR Military Attache Hosts Party at Embassy

SK0203051090 Pyongyang KCNA in English 0457 GMT 2 Mar 90

[Text] Pyongyang March 2 (KCNA)—Heinz Wiese, military attache of the Embassy of the German Democratic Republic here, gave a cocktail party at the embassy on March 1 on the occasion of the 34th anniversary of the founding of the National People's Army of the GDR.

Gen. Kim Kwang-chin, Maj. Gen. Won Myong-kyun and other generals and officers of the Korean People's Army and military attaches of the embassies of other countries were present on invitation.

Present there were GDR Ambassador Hans Maretzki and embassy officials.

Speeches were made at the cocktail party which proceeded in a friendly atmosphere.

Ambassador to State of Palestine Appointed

SK0303111190 Pyongyang KCNA in English 1034 GMT 3 Mar 90

[Text] Pyongyang March 3 (KCNA)—Yi Hyong-yon was appointed ambassador extraordinary and plenipotentiary of the Democratic People's Republic of Korea to the state of Palestine, according to a decree of the DPRK Central People's Committee.

Korean Workers Party Congratulates Mandela

SK0503111290 Pyongyang KCNA in English 1103 GMT 5 Mar 90

[Text] Pyongyang March 5 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] today sent a message of congratulation to Nelson Mandela upon his election as vice-president of the African National Congress of South Africa.

The message says:

That the Executive Committee of the African National Congress of South Africa elected you vice-president means deep trust in and high appraisal of you by your organisation and the South African people for your protracted, unyielding struggle to liquidate racism and achieve democratic freedom and rights in South Africa.

The WPK and the Korean people who always stand together with you on the common front against imperialism fully support the resolute stand of your organization and you to fight on till the apartheid system is liquidated finally on the soil of South Africa, and wish your organization and you new victory in the future struggle.

Progress in Mining Construction Reported

SK0203111190 Pyongyang KCNA in English 1008 GMT 2 Mar 90

[Text] Pyongyang March 2 (KCNA)—Promising mines with a weighty bearing on the economic progress of the country and the improvement of the people's living have been largely developed and expanded in Korea.

Among them are those which will supply raw materials to the Sunchon vinalon complex and the Sariwon potassic fertilizer complex for the production of limestone, potassic feldspar, sodium carbonate, caustic soda, sulfuric acid, silicon fertilizer and other chemical goods.

And the development of mines has made a fast progress in areas with rich deposits. In this course the Sinpa youth mine and the Chongpyong mine, which are nonferrous ore producers, were commissioned and a new pit of the Sangso youth mine was built recently.

The project for increasing the capacity of the existing mines is also making headway.

The Ministry of Mining Industry is going ahead with projects for newly creating three million tons of ore dressing capacity, 2.2 million tons of crushing capacity and 2 million tons of ore-transport capacity, said Ho Yong-wi, chief instructor of the Construction Guidance Bureau.

The Hyesan youth mine is accelerating at the final stage a project for creating 300,000 tons of additional ore-dressing capacity and laying a 3,000 metres long sloping pit belt conveyer with a 1.5 million ton capacity.

The laying of a cableway capable of carrying 200,000 tons of concentrated ores has been completed.

The Taedaeri mine has wound up a building project for creating a new ore-dressing capacity of 1.2 million tons and carried out an unburdened trial operation of a system of the crushing and sorting ground with a 2.2 million ton capacity.

Capacity expansion projects are successfully progressing at the August mine, the Ssangryong mine, the Pungnyon mine and other mines, too.

'Powerful Drive' Reported in Water Projects

SK0503110290 Pyongyang KCNA in English 1046 GMT 5 Mar 90

[Text] Pyongyang March 5 (KCNA)—A powerful drive is going on in Korea to round off on a higher plane the irrigation of agriculture which has already been carried out.

The great leader President Kim Il-song said:

"The existing irrigation setups should be readjusted and their technical reconstruction be stepped up to establish a more modern irrigation system and the water passage capacity be increased for a sufficient supply of water to paddy and non-paddy fields so that our mighty irrigation system may pay off more profusely."

Saying that the basic problem in farming is firstly water, secondly water and thirdly water, President Kim Il-song recently unfolded blueprints to fully solve the water problem in the west coast areas through waterway projects for a more comprehensive use of water of the West Sea barrage and the Taechon power station and aroused the whole party, the whole nation and the entire people to their implementation.

Large-scale waterway projects are under way in different areas of the western part of Korea according to the instructions of President Kim Il-song and the ambitious plan of our party.

The Korean People's Army soldiers and builders are stepping up at the final stage the construction of the West Sea barrage-Kangnyong and Ongjin waterways, the second-stage of the waterway between the West Sea barrage and the tideland-turned fields in South Pyongan Province, waterways in different districts in Pyongyang municipality, the waterway between the River Yesong and the Yonbaek plain, the waterway to pump up the water of the River Nam to the Miru highland, North Hwanghae Province, and the waterway for leading the water of the Taechon power station to the Kwaksan reservoir.

Chong Yong-pong, deputy director of the irrigation department of the Agricultural Commission, said that the construction of these waterways about 420 km in total length is a grand nature-remaking program unprecedented in scale, which is tantamount to bringing into shape another Taedong River.

When these waterways are completed, they will be linked with the irrigation system existing in the west coast area, the granary of Korea, to bring into shape a large circular irrigation system supplying water to North and South Hwanghae Provinces, Pyongyang Municipality, North and South Pyongan Provinces and 300,000 hectares of tideland to be reclaimed or already reclaimed.

Then they will guarantee a stable farming in any unfavourable weather and help increase grain output by hundreds of thousands of tons annually.

A solid irrigation system has already been built in Korea.

The South Pyongan provincial, Kiyang, Amnokgang and Ojidon irrigation works and large and small irrigation setups have been built across the country, the total length of the waterways exceeding 40,000 km.

And more than 1,700 reservoirs including the lakes Yongpung, Taesong, Sohung, Unpa, Manpung and Supung have been built with a storing capacity of 302,000 chongmi (one chongmi equals 10,000 cubic meters).

Over 25,800 water pumping stations play a big role in the irrigation systems of Korea.

In the Korean irrigation systems main irrigation networks are interlinked in a circular shape and their forms include the irrigation system by pumping power, sprinkling irrigation, furrow irrigation and showering irrigation depending on the geographical conditions, and they involve all paddy and non-paddy fields from the plain areas to the mountainous areas.

The grain output is on the yearly increase in the Democratic People's Republic of Korea with the completion of irrigation. In 1944, the year before the liberation of the country, it was no more than 2.167 million tons. But it reached 10 million tons in 1984 and will rise to 15 million tons in a few years.

Increased Carbide Output Reported in Sunchon

SK0503232390 Pyongyang KCNA in English 1505 GMT 5 Mar 90

[Text] Pyongyang March 5 (KCNA)—The daily carbide production quotas are topped 30 percent at the Sunchon vinalon complex in the central western part of Korea these days.

The workers at carbide kiln No. 1 produce 75 tons on a daily average and 100 tons at maximum by turning out 10 extra tons per shift through an effective technical and control of equipment.

The workers at carbide kiln No. 3 are maintaining a high and steady rate of production of carbide of good quality. Last month they topped their daily plan 40 percent. Carbide kiln No. 6 produced 250 extra tons in the past two months, and are now expanding the success.

The increase of production at the carbide shops help mass produce aldehyde needed for vinalon production.

Innovations Noted in Rolled Steel Production

SK0503102190 Pyongyang KCNA in English 1016 GMT 5 Mar 90

[Text] Pyongyang March 5 (KCNA)—Workers of iron and steel works across Korea are effecting new innovations in the production of rolled steel.

They produced some 70,000 more tons of rolled steel in February than in the previous month. This means a growth of 29 percent as against the same period of last year.

The Kim Chaek iron and steel complex, a metallurgical giant, introduced a new melting method to increase the output of pig iron and raise the rolled steel output by 23 percent in the same period. It has found reserves enough to boost pig iron output 15,000 more tons and save 90,000 tons of fuel in a year.

The Hwanghae iron and steel complex has improved the technical control of equipment and kept it in full-capacity operation to markedly increase the rolled steel output in the aforesaid period.

The Chollima steel complex and the Songjin steel complex increased the rolled steel output respectively by 36 percent and 28 percent in this period.

Steel workers throughout the country are intensifying the drive for increased production in March.

Upsurge Urged at Production Innovators Meeting

SK0103152690 Pyongyang KCNA in English 1508 GMT 1 Mar 90

[Text] Pyongyang March 1 (KCNA)—A national meeting of production innovators was held here for three days from February 26.

The meeting was attended by heroes in the period of the great chollima upsurge in the 1950s and production innovators who performed feats in the creation of the "speed of the '80s," more than 6,000 all told.

They manifested their will to enhance the vanguard role of the working class and put spurs on the grand all-people socialist onward movement.

This militant meeting held at the beginning of the new decade reflects the noble intention of our party to guide our working class and other working masses to glorify the 1990s with a great revolutionary upsurge with the same spirit and mettle as they had displayed in the postwar period of the great chollima upsurge.

Early in January this year dear Comrade Kim Chong-il gave instructions to convene a national meeting of production innovators.

One day in mid-January he said that the national meeting of production innovators should be so prepared as to be a meeting for general mobilization powerfully to wage an all-people movement for the maximum increase of production and economy in all branches of the national economy and to create a new "speed of the '90s" and thus fulfil the national economic plan for this year and the Third Seven-Year Plan ahead of schedule and crown the 1990s with another great revolutionary upsurge. And he gave meticulous guidance for the preparation of this meeting.

At the meeting which was held amid our party's great concern and expectations, production innovators from different domains were unanimous in resolving to create the "speed of the '90s" with the same spirit and mettle as were displayed in the period of the great chollima upsurge and thereby carry out the yearly plans by October 10 and the Third Seven-Year Plan by April 15, 1992.

Speaking at the second-day meeting, Chang Sang-kun, a tunneling platoon leader of the youth mining district of the Ullyol mine, vowed to fulfil the yearly plan more than half a year ahead of set time and the Third Seven-Year Plan by October 10 this year by effecting another great revolutionary upsurge just as they honoured the annual commitments of the platoon more than half a year ahead of schedule over the last 15 years.

Yi Kun-se, a platoon leader of the Pyongyang No. 1 long-distance motor transport corps which carried out its assignments for the Third Seven-Year Plan in January this year, four years ahead of schedule, called upon all the truck drivers throughout the country to fulfil the yearly transport plans before October 10 and the transport assignments for the Third Seven-Year Plan before April 15, 1992.

The attendants of the meeting expressed sympathy with and showed response to the speeches by innovators.

Ongoing Drive for Production of Consumer Goods

SK0803045890 Pyongyang KCNA in English 0443 GMT 8 Mar 90

[Text] Pyongyang March 8 (KCNA)—A dynamic drive for the production of "August 3 mass consumption goods" is under way in Korea.

In the past five years since the drive started, the number of the workshops, workteams, housewives' workteams and sideline workteams throughout the country engaged in the production of "August 3 mass consumption goods" has increased to tens of thousands, the number of the producers to hundreds of thousands and the production items to 50,700.

The sales of those goods have grown 20.8 percent on an annual average in this period.

In Pyongchon District, Pyongyang, the sales have increased 150 times and the variety of products to 6,000 kinds during the period.

In recent five months in particular, the variety has expanded 14 times and sales 20 times as against five months of the latter half of 1984.

The "August 3 mass consumption goods" include clothes, shoes, household and kitchen utensils, school things, goods for cultural use, daily necessaries, electronic and electric goods, jewel crafts, porcelainware and straw works. Most of them are made out of by-products and leftovers from factories and enterprises.

These consumer goods are popular for their good quality and usefulness.

The drive for the production of "August 3 mass consumption goods" is now brisk in Korea as an important work for carrying through the line of revolution in light industry put forward by our party. This drive started after dear Comrade Kim Chong-il gave on-the-spot guidance to an exhibition of light industrial goods in Pyongyang on August 3, 1984. He saw different kinds of consumer goods made from by-products and leftovers and laid stress on actively tapping and mobilizing reserves and potentialities to produce much more useful daily necessaries.

Those counties (cities and districts) which set special examples in the production of "August 3 mass consumption goods" are honoured with state commendation. Pyongchon district and Songyo district of Pyongyang were the first to win the title of model district in their production in December last year.

Papers Urge Heightening Workers' Vanguard Role

SK0203110890 Pyongyang KCNA in English 1023 GMT 2 Mar 90

[Text] Pyongyang March 2 (KCNA)—Pyongyang-based papers today editorially call for increasing the vanguard role of the working class in the drive to create a new "speed of the 90s" upon the successful conclusion of the national meeting of production innovators.

Papers say it was a historic meeting which greatly contributed to accelerating the grand March to conquer the high peak of socialist construction and accomplish the revolutionary cause of chuche.

Noting that the party deeply believes in the working class in the drive to create a new "speed of the 90s," NODONG SINMUN says:

The working class should courageously take the lead in the grand onward movement to bring about another great revolutionary upsurge and fulfil this year's assignments and the Third Seven-Year Plan ahead of schedule under the slogan "all for the creation of a new 'speed of the 90s.'"

In order to increase the vanguard role of the working class it is imperative to maintain the revolutionary fighting spirit and mettle which were displayed by our heroic working class in the period of the great chollima upsurge.

Only when the working class fully displays the revolutionary spirit of self-reliance and hard struggle, full of the conviction of certain victory and revolutionary optimism, is it possible to create a new "speed of the 90s" and creditably carry into practice the far-reaching programme of the party.

The editorial of MINJU CHOSON stresses the need to dynamically wage the drive for increased production and economy and keep a high and steady rate of production in all spheres of the national economy so as to make the existing economic foundations pay off profusely.

Daily Praises DPRK's Socialist System

SK0703001590 Pyongyang KCNA in English 1515 GMT 6 Mar 90

[Text] Pyongyang March 6 (KCNA)—NODONG SINMUN today carries a signed article titled "Our Socialist System Is a Popular System Which Provides the People With the Position of Masters of the State."

Noting that our socialist system successfully brings into reality the desire of the popular masses to live as masters of society, the article says:

The most important advantage of our socialist system lies in that it is a popular system which fully provides the popular masses with the position of masters of the state and society.

The great leader Comrade Kim Il-song has taught:

"In our country today the working masses are fully provided with liberties and rights as masters of the state and society, and all social wealth is geared to the promotion of their welfare."

It is a proud feature of our society that all people have equal rights to live independently and enjoy an independent political, economic and cultural life to their heart's content.

Our people have become a people who realised their age-old desire to live as masters of the state and society, and our society has developed into a superior socialist society which fully provides the popular masses with the position of masters in conformity with the nature of the social system, because ours is a society which has been built and develops, guided by the chuche idea, under the correct leadership of the party and the leader.

It is, first of all, because our socialism enforces politics conforming to the interests and will of the popular masses that our socialism fully provides them with the position of masters of society.

The Democratic People's Republic of Korea administers the affairs of the state in keeping with the interests and will of the popular masses.

The people's demand and interests constitute the foundation of all political activities of the party and the state.

The popular masses in our country are under the monolithic system of leadership, so it is out of question how many representatives of theirs are in the power organs and whether they seized power or not. The power organs at all levels represent the popular masses as a whole. Therefore, the intentions of the popular masses are concentrated and consummated as one and it is immediately policy and, according to it, state affairs are administered.

In our country, officials of the power organs discharge their duty and role as servants of the popular masses, rejecting subjectivism and bureaucratism. As a result, the will of the popular masses is given fullest play and consummated and politics for them is in force.

The great leader Comrade Kim Il-song and dear Comrade Kim Chong-il during their endless tour of on-the-spot guidance always listen to the opinion of the popular masses and shape policies according to it. Thus, politics in our country is unrolled either at the assembly hall or in the fields of Chongsan-ri or underground cutting faces of Komdok.

Politics in our country is, indeed, politics administered by the people according to their interests and will.

It is also because the economic system has been so established as to meet the independent requirements of the popular masses that our socialist system fully provides the popular masses with the position of masters of the state and society.

In our country the private ownership of means of production is not allowed, but they strictly belong to the people. Hence it serves the independent material life of the popular masses and surely guarantees their position as masters.

With the thorough application of the rural theses and the Taean work system in our country, the principle of collectivism is thoroughly applied in the economic management and the masses take an active part in industrial management from the attitude of masters.

Thus, arbitrariness, subjectivism and bureaucratism are not allowed in the economic management, the creative ingenuity of the masses is given full scope and the responsibility and role of the working masses as masters of production and management are enhanced to the maximum.

Indeed, our socialism is a popular system which places the popular masses in the position of masters and makes everything serve the purpose of enhancing their position.

Meeting on Shock Brigade Founding Anniversary

SK0803070190 Pyongyang Domestic Service in Korean 2300 GMT 4 Mar 90

[Text] An informative meeting was held on 4 March at the Cultural Palace of the People to mark the 10th anniversary of the founding of the party member Shock Brigade. The meeting was attended by Comrade Pak Song-chol, vice president and member of the Political Bureau of the Central Committee of the Workers Party of Korea [WPK]; Comrade Han Song-yong, candidate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Kang Hui-won, candidate member of the Political Bureau of the WPK Central Committee and vice premier of the State Administration Council; and other functionaries concerned, including Kang Sok-song, together with members of the party member Shock Brigade.

Kim Tae-ho, the person in charge of the party member Shock Brigade, gave a report at the meeting.

The reporter said: We significantly commemorate the 10th anniversary of the founding of the party member Shock Brigade amid majestic circumstances under which all party members and working people are vigorously waging the movement to create the new speed of the nineties on all fronts of socialist construction, upholding the great leader's New Year address of this year and the decision of the 17th plenary meeting of the sixth party Central Committee.

He said: Greeting this founding day today, all members of the party member Shock Brigade recall with deep emotion the proud way in which the shock brigade was organized under the grand plan and energetic guidance of our party, the numerous great monuments from the era of the Workers Party that have been outstandingly built, and thus, the might of chuche Korea that has been vigorously demonstrated.

He referred to the fact that in March 1980, when our party actively pushed ahead with preparations for building the Tower of the Chuche Idea and the Arch of Triumph, the party member Shock Brigade was organized to take charge of the construction of these historic, monumental edifices.

He said that the founding of the party member Shock Brigade by our party was an epochal event which brought a new turn to the construction of monumental creations and edifices. He then stressed that with the organization of the shock brigade the mighty ranks have emerged, making it possible to realize the party's plan for the construction of great monumental edifices. He also stressed that a reliable guarantee, which can build magnificent and splendid monumental edifices to glorify the era of the Workers Party at the highest level and at the fastest speed, has been provided.

The reporter pointed to the fact that the dear Comrade Kim Chong-il has firmly strengthened the ranks of the party member Shock Brigade. The reporter also noted that dear Comrade Kim Chong-il has led the shock brigade to enhance its combat capability and that, as a result, the shock brigade has been strengthened and developed as a mighty unit which can outstandingly perform any task assigned by the party. He referred to the fact that in the past 10 years the party member Shock Brigade, under the wise leadership of our party, did an outstanding job building the Tower of the Chuche Idea and the Arch of Triumph, which will glorify the immortal revolutionary achievements of the respected and beloved leader forever, as well as the Kim Il-song Stadium, the Late Revolutionary Fighters' Cemetery in Taesongsan, the Fallen Patriots' Cemetery, the 1 May Stadium, and other monumental creations and edifices of the era of the Workers Party.

He stressed that all monuments built by the party member Shock Brigade are monuments of the era of chuche, which prove the greatness and vitality of our party's unique monumental construction ideology and its architectural theory, and the correctness of its leadership.

He also said that the period of the past 10 years of the party member Shock Brigade were days embroidered with the party's great love and consideration for members of the shock brigade. Saying that in this period the party member Shock Brigade produced numerous persons who have rendered distinguished service for the state and numerous inventions, he indicated that thanks to our party's love and confidence, new miracles which have amazed the people of the world were created, and proud edifices were built in a short period.

He then said: Together with the participants of this meeting, with our unanimously loyal hearts, I extend the utmost glory and the warmest thanks to dear Comrade Kim Chong-il, who, embracing shock brigade members in the bosom of love, has fostered them to become reliable members of the construction unit of the party, who has bestowed glory and happiness upon them, and who has wisely led them to the single road of victory.

He said that today the party member Shock Brigade is faced with an honorable and rewarding task which should accelerate and complete the construction of the historical battle sites of the revolution in the area of Mt. Paektu, and apartments and welfare facilities on Nangnang Street. He stressed that all shock brigade members should cherish deep in their hearts our party's political confidence and trust, should vigorously wage the struggle to create the new speed of the nineties in all construction sites, and thus, should demonstrate once again their might as the reliable construction unit of the party.

Comrade Kim Chong-il, member of the Presidium of the Political Bureau and secretary of the party Central Committee, has indicated: Warm loyalty to the leader is the key factor which makes it possible for our functionaries to achieve success in their tasks.

The reporter stressed that all members and commanding members of the shock brigade should firmly arm themselves with the chuche idea—the revolutionary ideology of our party—and should firmly establish their revolutionary view on the leader, and thus, should more properly prepare themselves to become revolutionary fighters who are infinitely loyal to the great leader and the party.

Stressing vigorously waging a mass movement to increase production and to practice maximum conservation with the revolutionary spirit of self-reliance and fortitude as being precisely one of the major tasks of the shock brigade today, the reporter said that shock brigade members should vigorously wage a massive innovation movement for more rapid and more proper construction while further conserving even a gram of steel, a piece of wood, or a drop of fuel.

He then stressed that commanding members of the shock brigade should properly plan and coordinate combat organization and enterprise management, should strictly observe technical specifications and standard manufacturing procedures, should actively organize and mobilize members of the shock brigade into the struggle for technical innovation, and thus, should enhance to the maximum speed and quality construction with small investment. Saying that enhancing the combat function and role of party organizations is a decisive guarantee for the successful implementation of the vast tasks assigned to the shock brigade today, he stressed that party organizations should strengthen the organizational life of functionaries and party members. He also stressed that party organizations should temper them in a revolutionary manner, and they should vigorously wage political work among them so that they can become the creators of heroic exploits in their struggle to create the new speed of the nineties.

He also stressed that all shock brigade members should maintain full combat mobilization readiness to cope with the new war provocation maneuvers of the U.S. imperialists and the South Korean puppet clique, and should successfully fulfill their assigned tasks with firm faith in victory and a fighting spirit.

The reporter stressed that all shock brigade members, by vigorously accelerating the rewarding march of the nineties while upholding the banner of chuche, the banner of the three revolutions, and under the wise leadership of the party, should glorify the road of struggle of the party member shock brigade with new exploits and should repay with loyalty the confidence and expectation of the party and the leader.

Method of Chuche Idea Indoctrination Specified

SK0203080090 Pyongyang Domestic Service in Korean 0007 GMT 24 Feb 90

[NODONG SINMUN 24 February editorial: "Party Organizations Should Vigorously Conduct the Chuche Idea Indoctrination by Linking It With the Implementation of the Revolutionary Tasks"]

[Text] Vigorously conducting the indoctrination of the chuche idea by linking it with the implementation of revolutionary tasks is our party's invariable policy. The reality in which we are facing the heavy tasks of implementing the great leader Comrade Kim's New Year address and the decision of the plenary meeting of the party urges us to even more vigorously conduct the chuche idea indoctrination by linking it closely with the revolutionary practice.

Comrade Kim Chong-il, member of the Presidium of the Political Bureau and secretary of the party Central Committee, has noted: By substantially conducting the indoctrination of the chuche idea by linking it with practical activities, all party organizations should firmly

arm party members and working people with the chuche-oriented outlook. This will ensure that the party members and working people adopt an attitude worthy of masters in the revolution and construction.

The fundamental objectives of chuche idea indoctrination are to arm the masses with independent revolutionary ideology, strengthen the unity of the revolutionary ranks in ideology and will, and ensure that the masses of the people defend their position and fulfill their roles as masters of the revolution and construction.

To realize these objectives, chuche idea indoctrination should be linked closely with revolutionary practice. The chuche idea is a powerful tool to create and effect changes, and it is a guiding principle for action. Only when chuche idea indoctrination is closely linked with revolutionary practice can party members and working people be made to take the chuche idea as firm faith and will. Only then can they faithfully accomplish their given revolutionary mission with an attitude worthy of masters.

Vigorously conducting chuche idea indoctrination by linking it with the implementation of the revolutionary tasks is a firm guarantee for effecting new revolutionary upsurges in all sectors of the people's economy by intensifying the campaign for increasing production and conservation. The campaign for increasing production and conservation is a sacred task. It is a task designed to carry out socialist construction in our own style by strictly relying on our own effort and economic might under the banner of the chuche idea.

Things are decided by the people's ideas. Thus, if people's ideas are mobilized, creation is possible even from point zero. Also, potential for increasing production and conservation can be created.

Ideological indoctrination can be successful only when it is joined with the practical struggle of the party members and working people. Only by linking chuche idea indoctrination with the implementation of the revolutionary tasks can the people's enthusiasm be mobilized. Only then can they be ideologically mobilized in the campaign for increasing production and conservation.

To highly display the superiority of the socialist system of our country under the banner of the chuche idea, we should vigorously conduct chuche idea indoctrination by closely linking it with revolutionary practice. Also, the party members and working people should be armed with the chuche idea even more firmly. In vigorously conducting the chuche idea indoctrination by linking it with the revolutionary practice, it is important to make party members and working people deeply realize the correctness and greatness of the chuche idea, both in principle and in practice. Only when the chuche idea is grasped both in principle and in practice can it become the people's firm belief.

The chuche idea is our party's invariable guiding principle. It is the great ideology, the correctness and vitality of which have been clearly proven through our revolutionary practice. We have victoriously and flawlessly carried on the revolution and construction along a unique path which was never covered by any other people. This, too, would have never been possible without the chuche idea. At the same time, without the struggle to embody the chuche idea, it would have never been possible to build our unique socialism in our own style according to the people's desire and according to the situation of our country.

Along with the long and glorious history of our revolution—a revolution that has been pioneered and carried out under the banner of the chuche idea—along with the shining victories we have won, and along with our proud reality, we should make the party members and working people deeply realize the greatness of the chuche idea and its invincible vitality. In this respect, it is particularly important to conduct indoctrination with regard to the existing facts of our country's socialist society—a society in which the chuche idea is fully embodied. While doing this, we should ensure that all party members and working people take boundless pride and be boundlessly confident in carrying out the revolution under the great chuche idea, and that they persistently struggle only under the banner of the chuche idea.

In conducting chuche idea indoctrination, it is also important to ensure that party members and working people are self-confident as masters and display a high sense of responsibility in fulfilling their given revolutionary missions. The chuche idea calls on us to adopt an attitude worthy of masters in carrying out the revolution and construction. Our working people are the masters of plants and farms. At the same time, they are the masters of facilities and materials. Thus, only when they adopt an attitude worthy of masters can they find and mobilize the potential for increasing production and conservation.

Today, the degree to which the people are armed with the chuche idea is displayed by how meticulously they manage the economy of the country. All those who participate in socialist construction should meticulously calculate whatever they do in an attitude worthy of masters and actively struggle to help the economy of the country. The active contribution of functionaries and working people of all sectors and units to accomplishing the major economic tasks assigned by our party can constitute a display of the attitude worthy of masters. Regardless of the sectors and units where we are assigned, we should highly display the spirit of helping and leading one another according to the stand of the party and state.

Today, our party is importantly stressing the tasks to increase the production of electricity, coal, and steel, solve the transport problem, thoroughly implement the party's light industrial revolution policy by ensuring the full operation of all light industrial plants, and attain this year's agricultural production goals set by the party without fail. The functionaries and working people of the

sectors concerned, as well as the party members and working people of the other sectors, should accomplish their given economic tasks without failure with the self-consciousness worthy of masters. At the same time, they should actively help the struggle to accomplish the major tasks set by the party.

The revolutionary spirit of self-reliance and fortitude is the spirit which our functionaries and working people should highly display in today's general march. This is an important area on which our emphasis should be placed in the chuche idea indoctrination. By concentrating efforts on implanting the revolutionary spirit of self-reliance and fortitude in the minds of the people in conducting the ideological indoctrination, we should see to it that the functionaries and working people solve problems by their own effort by finding what is short and by creating what is unavailable. In this regard, it is important to ensure that the people struggle with the spirit and attitude of the great chollima upsurge.

By emulating the spirit of self-reliance and fortitude displayed in creating miracles and performing feats under the difficult circumstances following the war, great revolutionary upsurges must be effected in the socialist construction. The agricultural sector should actively wage the Unha cooperative farm campaign and struggle to carry out the farm work by its own effort.

In conducting the chuche idea indoctrination by linking it with the revolutionary practice, it is important to enhance the role of the party organizations. In linking the chuche idea indoctrination with the revolutionary practice, the party propaganda functionaries should go down to basic levels and mingle with the masses of the producers. The propaganda functionaries should conduct propaganda work in the blind ends of mines, in the fields of farms, and at plants according to the progress in accomplishing the revolutionary tasks.

In conducting chuche idea indoctrination by linking it with the revolutionary practice, correct methods should be adopted and, to this end, deep thinking is necessary. The propaganda functionaries should study methods of moving the people and should ceaselessly deepen chuche idea indoctrination according to the adopted methods.

By vigorously conducting chuche idea indoctrination by linking it with the revolutionary practice according to the demand of reality in development, we should firmly prepare the party members and working people as chuche-type revolutionaries and effect new upsurges in the socialist construction.

Three Revolutions Stressed on Work Anniversary

SK0303232290 Pyongyang KCNA in English 1510 GMT 3 Mar 90

[Text] Pyongyang March 3 (KCNA)—NODONG SINMUN today dedicates an article to the 15th anniversary of the publication of "Let Us Promote the Building of Socialism by Vigorously Carrying Out the Three Revolutions," a classical work of the great leader President Kim Il-song.

In his speech at the meeting of active industrial workers on March 3, 1975, President Kim Il-song elaborated on the historical necessity for the three revolutions, the validity of the three-revolution team movement, achievements in fulfilling the three revolutions and tasks and ways for accelerating three revolutions more dynamically.

A signed article says:

The work, basing itself on the clarification of the necessity for the three revolutions, above all, proves that the line of the three revolutions is the most correct way of building a true socialism.

The great leader Comrade Kim Il-song has taught:

"A long time ago, our party advanced the policy for carrying out the three revolutions, and it has pursued the ideological, technical and cultural revolutions energetically ever since. Our party's policy for the three revolutions—ideological, technical and cultural—is completely correct."

The chuche-oriented revolutionary theory of our party expounded the essential appearance of a true socialist society on the basis of the chuche idea and, on this basis, clarified that, in order to build a superior socialism, it is imperative to push ahead with the ideological, technical and cultural transformation after the establishment of the socialist system.

When man is placed in the centre as required by the chuche idea, socialism is a society where the aspiration and desire of the working popular masses are realized in an allround way and a society where the value and dignity of man are respected on the highest level.

If we are to build such society which provides the popular masses with a dignified life and brings their desire to realization, we must get the popular masses out of the old ideological, technical and cultural fetters.

The practice of the Korean revolution clearly proves the truth that socialism and communism can be successfully built only through the three revolutions, the article says.

The three-revolution team movement initiated by our party is a revolutionary method of guidance whereby the higher bodies help the lower better and political and ideological guidance is closely combined with scientific and technical guidance as required by the chongsanri spirit and the taean work system, through the application of the revolutionary mass line, the article notes, adding:

The reality proves that the guidance through the three-revolution team is a superior guiding method which makes it possible to thoroughly overcome all the wrong tendencies including bureaucratism hindering the implementation of the party's mass line and the construction

of socialism and thus helps build our socialism better as true socialism which serves the popular masses.

With application of such superiority of revolution and guiding method like the line of the three revolutions and the three-revolution team movement, socialist construction in Korea has progressed successfully without the slightest deviation and turns and twists and the pyramid of socialism has been built high.

SKNDF Marks Founding of Mongolian Party

SK0803085590 (Clandestine) Voice of National Salvation in Korean to South Korea 0300 GMT 5 Mar 90

[Congratulatory message from the Central Committee of the South Korea National Democratic Front, SKNDF, to the Mongolian People's Revolutionary Party, MPRP, on the occasion of the 69th anniversary of its founding]

[Text] Ulaanbaatar.

To the Central Committee of the MPRP:

The Central Committee of the SKNDF sends its warmest congratulations and militant greetings to your party and your people on the occasion of the 69th anniversary of the founding of the MPRP.

The establishment of the MPRP liquidated feudalistic backwardness and was an epochal event in the struggle of the Mongolian people to construct a prosperous socialist country in Mongolia.

Today, under the correct leadership of the MPRP, the Mongolian people are promoting social and economic development and are achieving great results in the struggle to realize the country's industrialization.

We truly hope that through this opportunity the Mongolian people fulfill the decisions of the 19th party plenary session and achieve new results in your progressive work to realize peace and security in the Asian and Pacific region. Also, we hope that the friendly and cooperative relationship between our two parties will further strengthen and develop at a new level. [Signed] The Central Committee of the SKNDF [Dated] 1 March, 1990 Seoul

South Korea

Pak Chol-on on Secret North-South Contacts

SK0803091890 Seoul YONHAP in English 0157 GMT 8 Mar 90

[Text] Seoul, March 8 (YONHAP)—South and North Korea have had secret contacts on improving relations, the architect of President No Tae-u's policy on Pyongyang told a National Assembly committee Wednesday.

"It is general for us to have unofficial contacts in addition to open dialogue," said Pak Chol-on, first state minister for political affairs. "But it is international practice and in the national interest for us to neither deny nor confirm details regarding channels of the covert contacts."

Pak, the mastermind of No's northern policy, an ambitious diplomatic initiative designed to improve ties with North Korea and other communist countries such as the Soviet Union and China, said he will report the contents of the contacts to assembly and party leaders if there is an agreement or substantial progress.

Pak, responding to a question from an opposition lawmaker about his role in inter-Korean policy, refused to elaborate.

Unconfirmed news reports say Pak, No's most-trusted aide before being named to the Cabinet, was personally in secret contact with North Korean officials and even visited Pyongyang last year to discuss relations between the divided Korean halves.

Pak and government spokesmen have flatly denied the reports, but officials have admitted privately that the behind-the-scenes contacts are an open secret that has been kept in consideration of the sensitivity of inter-Korean relations.

North Considers Recalling Students From USSR

SK0103064090 Seoul YONHAP in English 0451 GMT 1 Mar 90

[Text] Seoul, March 1 (OANA-YONHAP)—North Korea, stung by the wave of reforms sweeping its East-Bloc allies, has incarcerated 2,000 students brought home from Europe in an exclusive concentration camp near the capital of Pyongyang for ideological re-education, an informed South Korean intelligence source said Thursday [1 March].

The students, most of whom had been studying in Hungary, East Germany and Romania, are being sent to factories and colleges after thorough indoctrination, said the source, citing the latest intelligence data and reports from travelers who have recently been to Pyongyang.

North Korea is acting out of fear that the students, who witnessed the events in Eastern Europe at first hand, may spread ideological contamination in the closed society or even demand reforms, said the source, who declined to be identified.

The North Korean Government is also considering recalling 500 students from the Soviet Union, but is worried about creating diplomatic friction with Moscow, he said.

Most of the returnees, who studied at prestigious Kim Il-song University or Kim Chaek University of technology in Pyongyang before going abroad, are being

reassigned to relatively remote colleges in Wonsan, Sinuiju, Hamheung, Chongjin and Sariwon, he said.

Envoys Told To Advance Ties With PRC, USSR

SK0603095790 Seoul YONHAP in English 0933 GMT 6 Mar 90

[Text] Seoul, March 6 (YONHAP)—President No Tae-u has instructed South Korean diplomats stationed abroad to make all efforts to advance the normalizations of the nation's relations with the Soviet Union and China for the purpose of accelerating change in North Korea.

"We have to blow a fresh wind of new international order, of reconciliation, of cooperation and democratic reform into North Korea," No said during a dinner hosted at his official residence for overseas diplomatic mission chiefs Tuesday. He also asked the diplomats to make efforts so that contacts with North Korea by the United States and Japan contribute to the nation's policy goal of inducing North Korea to openness and democratization.

No said the North Korean infiltration tunnel just found on the eastern frontline is evidence that North Korea clings to the "vain hope" of communizing the South by force.

"In order to change North Korea's anachronistic policy of reunifying Korea by communizing the South through power, we should mobilize all our diplomatic capacity," he said. North Korea will be unable to ignore the process of openness and democratic reform for ever, and Pyongyang must change if Seoul makes multilateral efforts steadily, No said.

No also called for efforts by the diplomats to help revive the economy and promote trade. Among the mission chiefs invited to the dinner were Ambassador to the United States Pak Tong-chin and Ambassador to Japan Yi Won-kyong.

Government Steps Up Contacts With USSR, PRC

SK0703113990 Seoul YONHAP in English 1112 GMT 7 Mar 90

[Text] Seoul, March 7 (YONHAP)—South Korea is stepping up diplomatic contacts with China and the Soviet Union at the U.N. Headquarters in an effort to advance its admission to the United Nations, Ambassador Pak Sang-yong, chief of the South Korean Mission based at the world body, said Wednesday [7 March].

Pak, now on a temporary home visit to attend a meeting of chiefs of overseas diplomatic missions, said in a press conference that South Korean officials are having contacts with "high-level" diplomats from China and the Soviet Union at the U.N. Headquarters. He, however, refused to go into details.

Asked to evaluate Chinese and Soviet positions regarding South Korea's bid to join the world body, Pak said, "Our contacts have not progressed so much as to discuss such important issues. But it is a fact that we are even having one-on-one meetings with high-level diplomats from the two countries. I think such contacts will be conducive to deeper dialogues."

On the South Korean foreign minister's chances of having talks with his Chinese and Soviet counterparts in the U.N. Headquarters during the upcoming U.N. General Assembly, Pak simply said, "if the meetings are realized, the U.N. Headquarters will be a venue."

Asked to predict the timing of formal application for Seoul's admission to the United Nations, Pak said, "Even though the circumstantial atmosphere has turned favorable for our admission, we are yet to have time to review such important factors as the positions of the permanent members of the U.N. Security Council.

"I will not foresee, at the present moment, when the timing will be," he said.

South Korea has expressed its intention to join the world body separately from North Korea after its proposal for a simultaneous admission was turned down by Pyongyang, which officially dismisses it as "an act of perpetuating the division of the Korean peninsula."

Seoul, however, is cautious of having its bid vetoed by China and the Soviet Union during the U.N. Security Council's deliberation on the issue. The two communist giants, traditional allies of communist North Korea, are yet to fully recognize the government of the capitalist South Korea.

Entourage Named for Kim Yong-sam's Moscow Trip

SK0603063490 Seoul YONHAP in English 0513 GMT 6 Mar 90

[Text] Seoul, March 6 (OANA-YONHAP)—Kim Yong-sam, a co-leader of the ruling Democratic Liberal Party (DLP), will be accompanied on his trip to Moscow later this month by Pak Chol-On, the first state minister for political affairs, Kim Sang-ha, the president of the Korean Chamber of Commerce and Industry, and 14 DLP lawmakers.

Also in the 16-member entourage will be Kim Hyon-uk, chairman of the National Assembly Foreign Affairs and National Unification Committee, DLP spokesman Pak Hui-tae and Hwang Pyong-tae, Kim Yong-sam's top aide and ideologist, the DLP announced Tuesday.

Rounding out the delegation will be Kim Yong-tae, Chi Yon-tae, Sin Kyong-sik and Yi Sang-hui (all from the former ruling Democratic Justice Party), Mun Chung-su, Chong Chae-mun, Oh Kyong-ui and Choe Chung-sik (from the former Reunification Democratic Party), and Kim Yong-chae, Kim Hong-man and Kim Chong-sik (from the former New Democratic Republican Party).

Uranium Import Deal Struck With Soviet Union

Ministry Issues Announcement

SK0503125990 Seoul YONHAP in English 1247 GMT 5 Mar 90

[Text] Seoul, March 5 (YONHAP)—South Korea will import enriched uranium, fuel for nuclear power plants, from the Soviet Union for 10 years until 1999, according to the Energy and Resources Ministry Monday.

A government panel Monday resolved to import the Soviet-produced nuclear fuel on a long-term basis in order to secure a stable supply of the nuclear fuel on better price conditions, ministry officials said. The enriched uranium is a finished product which contains 3.5 percent of uranium 235.

The Soviet Union has offered to the Korean government to sell its enriched uranium since the end of 1988, ministry officials said. According to conditions offered by the Soviet Union, Korea will buy enriched uranium on a long-term basis from 1990-1999 and the prices will be much lower than those Korea paid under long-term contracts with other countries last year. In addition, 30 percent of the payment will be made in Korean electronics products, according to the officials.

It is the first time for Korea to import finished nuclear fuel. So far, Korea has imported uranium ore from Australia, France and Canada and enriched it in the United States and France. It cost Korea 1,060 U.S. dollars per one kilogram of enriched uranium last year. The price of Soviet enriched uranium would be around 700 dollars—halfway between the 1,060 dollars Korea paid last year and the average price of 530 dollars in the international spot market last year, they said.

The amount of enriched uranium import from the Soviet Union will not exceed 40 tons annually considering the fact that Korea maintains imort contracts with the United States until 2015 and with France until 1996. The officials said there will be no safety problems in importing the Soviet uranium.

The Korea Electric Power Corp., which will consume the nuclear fuel, will begin negotiations with a Soviet agency in charge of nuclear power export for formal contract next month. In connection with the uranium export, the Soviet Union is expected to buy electronics goods worth 6 million dollars a year from Korea.

Uranium Agreement Analyzed

SK0603062890 Seoul YONHAP in English 0502 GMT 6 Mar 90

[Text] Seoul, March 6 (YONHAP)—South Korea will buy enriched uranium, a top strategic material for nuclear reactors and warheads, from the Soviet Union under a 10-year contract that takes effect this year. Korea will import 40 tons of the enriched uranium a year, paying 30 percent of the cost with merchandise, according to the Energy and Resources Ministry.

Both countries have agreed to the safeguard assurance on the transportation of nuclear materials imposed by both the Non-Nuclear Proliferation Treaty and the International Atomic Energy Agency and there is no problem in terms of security, a ministry spokesman said.

This is a very different item for the two nations to trade. It is classifed as a top strategic material because it can be processed for weapons use. International exchanges of nuclear fuel rely on mutual credibility and the agreement between Seoul and Moscow implies the thaw in their relations is accelerating.

The Soviet Union has been a patron for North Korean leader Kim Il-song since North Korea was given birth in the mid-1940s and was regarded as South Korea's No. 2 enemy after North Korea only a few years ago.

This agreement to trade the militarily sensitive material signals that the growing bilateral relationship, basically founded on the communist superpower's economic needs, is moving to a political level. The two nations have limited consular relations, using consular departments in their trade offices in Moscow and Seoul.

Economically, the Soviet uranium will help South Korea correct unequal contracts with its current monopolistic suppliers. All Korea's uranium concentrate comes from Australia, Canada and France. The enriched uranium, amounting to about 130 tons a year, arrives in Korea after being processed in the United States and France.

Korea was compelled to put up with unfavorable terms, such as volume and conditions for contract cancellation, because there were no alternative suppliers. The price of enriched uranium last year was 1,060 U.S. dollars per kilogram, double the price on the spot market, according to industry estimates.

The Soviet price was not disclosed, but a ministry official said it was "much lower" than the current price and the countervailing trade terms are favorable to Seoul.

The Korean Government was worried about how the U.S. Government would react since Washington has demanded a new contract for additional nuclear plant fuel. Korea's utility service contracts with America and France expire in 2015 and 1996, respectively.

The ministry said some of the Soviet uranium will be stockpiled and the rest used to meet new demand that will be created after 1995, adding that the existing uranium suppliers will not be affected by the deal. The ministry also said the agreement was the result of an oft repeated Soviet proposal.

Despite government concern over the U.S. reaction, businessmen hailed the agreement as highlighting the unfair trade practices that Seoul hopes to correct. In addition to the deal's political and economic advantages,

a ministry official said bilateral cooperation in nuclear technology will be enhanced. Under the countervailing agreement, the Soviets are expected to buy 6 million dollars' worth of merchandise from Korean electronic goods makers a year, according to the ministry.

'Hasty Conclusion' on Ties

SK0703014290 Seoul THE KOREA HERALD in English 7 Mar 90 p 6

[News analysis by staff reporter Choe Song-chin: "Soviet Uranium Deal Draws Interest"]

[Text] Monday's announcement on the planned purchase of Soviet enriched uranium is drawing keen interest for its potential economic, political and diplomatic effects. As is widely known, trade in uranium concentrate as a nuclear fuel, although an international practice itself, is subject to strict government surveillance as a strategic material.

The government's decision to expand the budding bilateral economic cooperation with the Soviets to the internationally delicate items has forced many local analysts to jump to the hasty conclusion that the two countries may soon establish full diplomatic relations. The economic and political watchers based their judgment on the fact that the deal was made in time for the scheduled Moscow visit of Kim Yong-sam, a co-leader of the ruling Democratic Liberal Party, March 19 and a bilateral business leaders' meeting March 23. The move symbolizes Seoul's desire to advance the consular-level relationship with Moscow, while urging the latter to show corresponding efforts, they said.

The international enriched uranium market is facing a glut now as shown by the fact that spot market prices are only half of the long-term contract prices.

While Korea plans to buy a Soviet item that can be supplied by someone else, Moscow will import much needed consumer products, including home electronics, in limited barter trade.

Now is the time for the Soviet Union to come up with concrete steps to further the existing economic and political ties, the observers said. So far, Korea has maintained that the country's cooperation will be helpful for successful implementation of Gorbachev's perestroyka policy ,while the Soviet Union demanded more advances by Korean businesses before upgrading ties.

Against this backdrop, there have recently been number of moves in this direction. The opening of direct flight routes, exchange of consular services, the Korean government's permission for investment in large projects in the East bloc country, exports of cold rolled sheets made by Pohang Iron and Steel Co., signing of a double taxation avoidance pact, and mutual investment guarantee agreements.

The government's dilemma of not angering such existing suppliers as the United States and France is seen in the rather limited intake volume of 40 tons per year, or one-fourth of the total demand to fuel nine nuclear power stations. Although there is no problem concerning direct uranium imports from the Soviet Union, response from the United States, which has exerted dominant influence over Korea's nuclear industry, is worth nothing. Hidden behind the political-diplomatic anticipation is the pure economic impact of the deal, other analysts said.

Korea now has unequal contracts with the United States, under which Seoul is supposed to buy 70 percent of its total nuclear fuel demand from the U.S. Department of Energy. First signed in 1973, the 30-year contract, despite three revisions in 1978, 1983, 1989 and obligates Korea to notify the seller of any intent of cancellation 10 years in advance and pay heavy penalties for doing so.

Korea Electric Power Corp. [KEPCO], the state-run utility, has also made many blunders in securing nuclear fuel in the past. KEPCO spent 170 billion won on nuclear fuel last year, about 80 percent of which, or 136 billion won, went for the purchase of refined ore and reconversion and enrichment fees.

The Soviet uranium, in finished form, will also cut the delivery period from an average 15 months to less than six months, they said. The new contract in this regard will help KEPCO improve the present unfavorable terms and conditions, they said.

Soviet Bank Concludes Correspondent Agreement

Bank Chairman Visits Seoul

SK0503053690 Seoul YONHAP in English 0512 GMT 5 Mar 90

[Text] Seoul, March. 5 (YONHAP)—The Soviet Union and East-bloc countries are considering the use of foreign currencies instead of the Soviet ruble in international transactions, Vitaliy Khokhlov, chairman of the International Bank for Economic Cooperation (IBEC), said Monday.

Khokhlov, who is also vice chairman of the Soviet Bank for Foreign Economic Affairs, said in an interview that there was an agreement by ranking East-bloc officials in January to use hard currencies in settling accounts among themselves.

The first Soviet banker to visit South Korea, Khokhlov said IBEC is willing to give loans to its member countries to finance joint investment with Korean businesses.

IBEC was established in 1964 and has affiliates in 10 communist countries, including the Soviet Union, East Germany, Hungary, Vietnam and Cuba.

Khokhlov arrived Sunday as the guest of Yi Pyong-son, the president of Hanil Bank, which is to conclude a correspondent bank contract with the Moscow-based bank.

Agreement Reached 6 Mar

SK0703013290 Seoul YONHAP in English 0058 GMT 7 Mar 90

[Text] Seoul, March 7 (YONHAP)—Cho-Heung Bank of South Korea and the International Bank for Economic Cooperation (IBEC) of the Soviet Union agreed Tuesday to conclude a correspondent bank agreement, Cho-Heung spokesman Chin Kun-chung said Wednesday.

Cho-Heung President Kim Yong-suk agreed to begin the process of drawing up a corresponent relationship during talks with IBEC Chairman Vitaliy Khokhlov, who arrived Narch 4, Chin said.

The Korean bank concluded a correspondent bank accord with the Soviet bank for foreign economic affairs in January 1989 and will trade with the two Soviet banks through the Reuter Monitor Dealing Service, Chin said.

Cho-Heung has concluded correspondent bank contracts with 48 banks from 10 communist nations.

Steel Company Signs Deal With Soviet Importer

SK0603061890 Seoul YONHAP in English 0607 GMT 6 Mar 90

[Text] Seoul, March 6 (YONHAP)—Pohang Iron and Steel Co. (Posco), the state-run steel giant, has signed a contract to supply a Soviet company with 100 million U.S. dollars worth of cold rolled sheet a year for three years, the company said Tuesday.

Under the contract, Posco will ship 200,000 tons of cold rolled sheet this year and a total of 600,000 tons, or 300 million dollars worth, by 1992, a Posco official said.

Posco Vice Chairman Cho Mal-su reached the accord with O. Smirnov, chairman of the Promsyrio Import Co., a Soviet steel purchasing agency, during a trip to Moscow in January, he said. The accord ranks the Soviet Union as the second largest buyer of Posco steel after Japan.

Posco shipped 24,000 tons of steel to the Soviet market in 1988, in its first deal with the Soviets, and 35,000 tons last year.

Paper Stresses Prudent Approach Toward Moscow

SK0403130090 Seoul CHOSON ILBO in Korean 3 Mar 90 p 3

[Editorial: "Preconditions for Establishing Diplomatic Relations Between Korea and the Soviet Union"]

[Text] Korean-Soviet relations, which have been improved with the Seoul Olympics in 1988 as an occasion, seem to be developing into formal diplomatic relations. By deciding to have Pak Chol-on, minister of political affairs, accompany Kim Yong-sam, a co-leader of the Democratic Liberal Party who is scheduled to visit the Soviet Union, the government has elevated the importance of the Korean delegation, which is composed of government and ruling party representatives.

Establishing diplomatic relations with the Soviet Union seems to be regarded as a matter of time and procedure in terms of the importance of the delegation and results of personnel and material exchanges between Korea and the Soviet Union up to the present.

At this juncture, we should prudently think of what the establishment of diplomatic relations with the Soviet Union, one of the parties that caused the division of the Korean peninsula, 45 years after the division means and what we will gain and lose if diplomatic ties are established. This is because it is possible to make another mistake if we only stick to establishing diplomatic relations without prudently taking into account how the Soviet Union has acted toward us over the past 45 years after the war. We must also consider what benefits we will gain through diplomatic ties with the Soviet Union in the future.

History has already proved that Soviet intervention in the Far Eastern front just before the end of World War II caused the division of the Korean peninsula. It has also been shown that the Korean War, a national tragedy, would not have been provoked without the connivance of the Soviet Union. By establishing a military alliance with North Korea and by rendering it aid, the Soviet Union has made the prevalence of tension on the Korean peninsula and the arms race possible. The Soviet Union is the very party that shot down a Korean airliner, which claimed the lives of 269 innocent people in 1983. The Soviet Union has been a hostile country toward us. The number of incidents between the two countries is large.

Even though it is true that "there is neither a permanent enemy nor a permanent friend in the international community," there must precede a convincing course—a course in which what has occurred in the past is settled—in order that yesterday's enemy may become today's friend.

With the establishment of diplomatic relations with the Soviet Union at hand, we should check if there has been any form of expression of views, which the people as well as the state can be persuaded of. Availing ourselves of this opportunity, we should point to the question of improving relations with North Korea.

Those directly involved in improving relations with the Soviet Union maintain that North Korea can be induced to open its doors and ultimately, the normalization of North-South relations can be sought through the improvement of ties with the Soviet Union.

No one will object to the fact that normalizing relations with North Korea, easing tension on the Korean peninsula, and ultimately, paving the road for reunification are our immediate task.

We should calmly review whether North Korea will change its attitude just because rapid progress is made in

relations with the Soviet Union under the situation in which relations with North Korea are deadlocked. Before we hasten the establishment of relations with the Soviet Union, we should prudently and seriously examine what we should demand and what effects this establishment will have on North-South relations.

Poland, Korea Initial Double-Tax Agreement

SK2102020990 Seoul YONHAP in English 0137 GMT 21 Feb 90

[Text] Seoul, Feb. 21 (YONHAP)—South Korea and Poland have initialed a double taxation avoidance agreement, the Finance Ministry said Wednesday.

Assistant Finance Minister Paek Won-ku and Polish Vice Finance Minister Jerzy Napiorkowski initialed the pact on Feb. 15 in Warsaw, winding up a four-day conference on bilateral cooperation in tax affairs.

Poland is the second Eastern European country, following Hungary, to initial a tax accord with Korea. The agreement, pending formal signing by both governments and approval by the National Assembly, will be retroactive to Jan. 1 this year.

Under the agreement, Poland is to levy taxes on the business income of Korean firms' branches in Poland and apply the relatively low tax rate of 5-10 percent on investment income. In addition, Korean transportation businesses, including shipping and airline companies, will be exempt from Polish corporate tax and value added tax.

Seoul 'In No Hurry' To Establish GDR Ties

SK0803063090 Seoul YONHAP in English 0620 GMT 8 Mar 90

[Text] Seoul, March 8 (YONHAP)—South Korea is in no hurry to seek diplomatic relations with East Germany since the communist country is racing toward reunification with West Germany, a Foreign Ministry source said Thursday [8 March].

"If we set up diplomatic ties with East Germany just as East and West Germany are nearing reunification, it could cause all kinds of procedural troubles," the source said. The source said there would be no point in opening an embassy in East Berlin only to close it within months as a result of reunification.

The government virtually rejected a mid-February offer from East Germany to exchange trade offices and instead proposed that the two countries move directly to full diplomatic ties if they want to improve relations, said the source, who declined to be identified.

Korea will flexibly handle relations with communist East Germany while taking into consideration the progress toward reunification, the source said.

Korea has diplomatic ties with three East-bloc nations—Hungary, Poland and Yugoslavia—and expects to open ambassador-level relations with Bulgaria and Czechoslovakia next week, when Foreign Minister Choe Ho-chung visits Sofia and Prague.

Firms To Participate in Iranian Energy Projects

SK2202013090 Seoul THE KOREA TIMES in English 22 Feb 90 p 8

[Text] Nicosia (REUTER)—Iran said on Tuesday it had agreed with South Korea on the participation of South Korean firms in major gas, petrochemical and industrial projects.

The accord was reached in talks with a delegation led by South Korean Energy Minister Yi Pong-so, who ended a three-day visit to Iran on Tuesday, Iran's IRNA news agency quoted Oil Minister Gholam Reza Aqazadeh as saying.

Aqazadeh said the two sides agreed to complete the Bandar Khomeyni petrochemical complex, a joint venture from which Japanese partners led by Mitsui withdrew, and the building of the second phase of the Kangan gas refinery, both on Iran's Gulf Coast.

A unit of the first phase of the refinery, built by the South Korean firm Daelim, began operating earlier this month.

Iran says the first phase will be fully operational in a few months and the second phase will more than double daily capacity to 80 billion cubic meters (2.82 billion cubic feet).

Aqazadeh said agreements also covered building of offshore platforms, cooperation in power plants, car manufacture, telecommunications and fisheries, and direct air links between Tehran and Seoul.

MAC Counterproposes Meeting on 14 March

SK0803105690 Seoul Domestic Service in Korean 1000 GMT 8 Mar 90

[Text] The UN Command today counterproposed to the communist side holding the 455th meeting of the Military Armistice Commission on 14 March.

Earlier, the communist side had proposed holding this meeting on 9 March. However, the UN side counterproposed holding the meeting on 14 March.

Stating that the communist side has not informed it of the agenda items for the meeting, the UN Command urged the communist side to make public the agenda items for the meeting to make effective progress at the meeting.

'Assistant's Role' Urged for U.S. Forces

SK1802234690 Seoul CHOSON ILBO in Korean 17 Feb 90 p 3

[Editorial: "Transfer of Operational Control and Senior Member to the Military Armistice Commission"]

[Text] It seems that U.S. Defense Secretary Cheney's visit to our country has all at once spawned all sorts of problems concerning our country's security. A phased and partial withdrawal of U.S. troops stationed in the ROK, sharing of the upkeep for their presence in the ROK, transfer of operational control, the relocation of Yongsan base, and replacing the senior member to the Military Armistice Commission [MAC] with Korean Army generals are a few of these problems.

Of course, it is our understanding that officials in Korea and the United States have long discussed all these problems item by item. Yet, not a single one of these problems seems to have been agreed upon by the officials concerned.

Of the problems that are being discussed between the two countries, the issues of transferring the operational control and of replacing the senior member to the MAC with Korean Army generals are of particular concern to us. This is because there is no guarantee that the issues of transferring the operational control and of replacing the senior member to the MAC with Korean Army generals will not lead us to irrevocable disadvantages and catastrophic consequences if the prerequisites for the settlement of these issues are not met in advance. The rest of the issues can be easily settled without much trouble if the two countries agree on them after harmonizing their mutual interests. President No Tae-u proposed to the U.S. secretary of defense during the latter's stay in Korea that the two countries should discuss the issues of transferring the operational control and replacing the senior member to the MAC.

First, it involves placing operational control in the hands of the ROK Army in peacetime and of entrusting it to the Combined Forces Command [CFC] in time of war. Although hundreds of generals, including tens of four-star generals, have served in the Armed Forces since their founding, none of them has any experience in commanding the entire ROK Armed Forces on his own. Until now, we have persistently entertained, consciously and unconsciously, the notion that the danger of a formidable, well-orchestrated surprise attack can be averted only by the U.S. troops.

We must change our way of thinking very soon, before having operational control transferred to us. First of all, we must free ourselves from the belief that we are outnumbered. If we are equipped with such resourcefulness and ability as is found in Generals Ulchi Mun-tok and Kang Kam-chan, who managed to expel the enemies with a far smaller number of troops and routed the invaders from the Kitan [Tungustic people in Manchuria], we may be able to spare ourselves the bother of entrusting operational control to the U.S. troops stationed in Korea even in time of war. As long as we remain fearful of North Korea's military power, this habit will not go away. Therefore, we must quickly change our way of looking at things and our way of thinking. After this, the issue of the operational control will be settled without much trouble. It is worth our effort to try to draw a lesson from the resourcefulness with which Israel not only survives and enjoys the wealth of a semi-developed country, but also successfully holds its neighboring Arab states in check, with only more or less than 20,000 square km of territory.

Second, there is the issue of replacing the senior member to the MAC with Korean Army generals. As long as the current armistice system remains in place, this issue will not be settled. Even if it is settled, it will lead to still greater problems.

This is because the current armistice system was signed and has always been run by the commander of the UN forces—that is, the U.S. forces—representing one side to the system, and by "the supreme commander of the Korean People's Army"—that is "Kim Il-song," and the "commander of the Chinese Volunteers"—representing the other side. Of course, the commander of the UN forces can always "appoint" a Korean Army general as the senior member to the MAC.

However, if the UN commander were to appoint a Korean general as the senior MAC member, it would then be better to change the unstable and defective current armistice system. As if that were not enough, North Korea, taking advantage of the operational control and the current armistice system, has long presented the ROK Armed Forces as "puppets" to our young people who do not know very well why such things are as they are. Despite this, North Korea calls for, or rather thirsts for, "talks with the United States," presumably for "peace," "nation," and "reunification."

We should destroy such a plot by North Korea and then build a new peace structure between the North and South based on the genuine nationalistic stand that we, not others, are responsible for the settlement of our national problems. In this regard, the United States should play no more than an assistant's role. It will not be too late if a ROK senior member to the MAC sits face to face with a North Korean side's head to the MAC after settling such things. Given the fact that it appeals to national sentiment, it is natural for our country to call for a transfer of operational control and for replacing the senior member to the MAC with Korean army generals. However, we should give thoughts more to national interests than to emotion.

Journalists Question Kang Yong-hun by Satellite

SK2102090090

[Editorial Report] Seoul Television Service in Korean 1300 GMT 20 February carries a 45-minute recorded program in connection with the international jounalists' conference entitled "The One Asia Assembly," which opened in Manila on 19 February. In the program, Seoul television carries a recording of ROK President No Tae-u's three-minute keynote speech to the conference.

Seoul television continues with a recording of ROK Prime Minister Kang Yong-hun answering panelists'

questions via live satellite hook-up from Seoul, intermingled with other participants' speeches and remarks.

Answering a panelist's question on the impact of the changes in East Europe on Asian countries, Prime Minister Kang states: "I think that the trend of such changes will have an effect on the whole area of Asia. We are watching the dramatic situation taking place in East Europe. However, such changes will have a different impact on Asian countries, because the cultural background of Asian countries is different from that of East European countries.

"However, we can see signs that such changes are influencing Asia. In particular, I think that the influence of such changes on North Korea, one of the world's most closed societies, will be great. I think that North Korea cannot ignore the waves of reform and openness which are now washing over the world. South Korea is trying to open channels of dialogue by improving relations with North Korea and trying to achieve peaceful coexistence with it."

Responding to another panelist's question on the need for strong military security in South Korea, Prime Minister Kang states: "We need a very effective and strong security system. As you know, our country is a divided country. The communist regime in North Korea has not only constantly strengthened its military capability, but also maintains military strength two times greater than that of South Korea. Under these circumstances, we cannot ignore the importance of national security. This is because stability and security on the Korean peninsula have been maintained on the basis of the South Korean-U.S. security system, which has very effectively deterred North Korea from engaging in any military adventures against South Korea. The U.S. forces stationed in South Korea have played an effective role in deterring North Korea's adventurous act. They have also provided an effective means to maintain security and stability not only on the Korean peninsula, but also the rest of Asia and the Pacific."

Paper Welcomes Democratic Reforms in Military

SK1702013790 Seoul THE KOREA TIMES in English 17 Feb 90 p 6

[Editorial: "Democratic Reform of the Military"]

[Text] The military is not an exception in the vital need for democratization in all sectors. The democratic reform of the Armed Forces is essential to the fostering of advanced defense forces for the nation and renovation of the image of the military held by the people or civilians. It is even more necessary in order to forge a consensus between the military and civilians of the need for their united efforts in defending the country and strengthening national security.

The initial signal of military renovation was raised recently by "command correspondence," issued by Army Chief of Staff Gen. Yi Chong-ku. More recently, the defense authorities took further action by revising the Code of Conduct for Military Servicemen and the Regulations on Servicemen's Life in the Barracks.

The revision is focused on a strict ban on military personnel's political involvement and violence and rude abuse in the barracks, and restrictions in the use of firearms and weapons while mobilized for execution of servicemen's duties and maintenance of public order controlling violent anti-government demonstrators.

The solemn duty of the Armed Forces is to defend the nation from all outside aggression. And military servicemen should be respected and loved by the people just as the former ought to work faithfully to protect the latter's right to live.

Yet, unfortunately, the military has involved itself in various political incidents, including the May 16 coup in 1961 and the 1980 Kwangju mishap, which claimed the lives of demonstrators and others, not to speak of the unhappy cases of indiscreet small groups of politicking military officers siding with those in power.

For this reason, the military is urged in earnest by the people to stay politically neutral, devoid of any political involvement.

The Armed Forces are also called upon to eradicate all vestiges of the old Japanese imperialist military practice of "kihap" or manhandling on the pretext of disciplinary punishment in the barracks even to the extent to fatally injuring subordinate servicemen.

Most rude abuses in the barracks have already been discontinued. It is reassuring to learn that the military leaders have decided to drastically renovate servicemen's life in the barracks.

It is hoped that the military-people emotional gap, if any, will be filled up with all the astute democratic measures which are to be taken by the military authorities.

Government To Eliminate Counterfeit Goods

SK1702013190 Seoul THE KOREA TIMES in English 17 Feb 90 p 8

[By staff reporter Choe Won-sok]

[Text] The government has been stepping up efforts to crack down on the violation of intellectual property rights in order to diffuse trade frictions with the United States and the 12-member European Community. In particular, the United States is calling upon Seoul to strengthen the protection of intellectual property rights.

Even though Washington has expressed its satisfaction with the Korean government's strenuous efforts to enhance the protection of such rights, it has recently complained that American films, video tapes, college textbooks and computer software programs are still widely pirated in Korea. At present, Korea is on the watch list along with more than 15 other countries

including Japan and Canada over the issue of intellectual property rights under "Special Section 301" of the strong protectionist 1988 U.S. omnibus trade act. The issue is the most glaring trade dispute between Korea and the United States at present.

There is a remote possibility that Washington might designate Korea as a priority foreign country (PFC) over the issue. The United States is scheduled to name new PFCs in April based on its estimates of trade with partners in March. In May last year, Korea barely avoided being designated a PFC but only after making substantial concessions to the U.S. on demands for the wider opening of markets.

The U.S. Trade Representative is empowered to curb imports of specific items or all products from any country which is named a PFC unless it corrects unfair trade practices with the U.S. To avoid severe trade retaliation, the Korea Industrial Property Office and other government agencies have been intensifying their combined efforts to crack down on violators of intellectual property rights. Especially, they have been endeavoring to root out products bearing illegal foreign trademarks.

The Korea Industrial Property Office said that about 80 famous foreign trademarks are counterfeited on domestic markets. Of them, U.S. trademarks amount to 20, French trademarks 22, Italian trademarks five, with 12 Japanese, West German, British and Dutch trademarks. Counterfeit goods mainly consist of handbags, purses, ornaments, clothes, footwear and sporting goods. But counterfeiting is recently extending to other items such as watches, calculators, liquor, automobile parts and medical equipment. In the meantime, stores dealing with counterfeit products across the country amount to 3,900 at present. Of the total, 48 percent or 1,800 stores are concentrated in Seoul. In particular, Itaewon is notorious for specializing in handling faked goods.

The annual sales of counterfeit products are estimated at $124 million, 74 percent or $92 million of which is sold in Seoul. On the other hand, purchasers of faked goods are classified into 48 percent foreigners and 52 percent domestic customers. Of foreign customers, the Japanese rank first, followed by Americans and Southeast Asians. In the Itaewon market, foreigners make up 70 percent of the customers.

Last year, the Korea Industrial Property Office and other government agencies conducted crackdowns on sales of bogus products 33 times, up 83 percent over 1988. During the crackdowns, 788 establishments were detected, an 80 percent increase. Among them, 25 counterfeiters including 15 manufacturers and 10 large-scale distributors were arrested in contrast with two in 1988, while the remaining dealers were ordered to correct their practices.

Meanwhile, 153,250 counterfeit articles were seized last year, compared with the 8,257 items in 1988. They generally comprised bags, clothes, footwear and raw fabrics. In Itaewon, five counterfeiters were arrested and 31,000 faked goods were seized, while 59 large-scale dealers were disciplined. The arrested counterfeiters were each fined 2.5 million to 10 million won or jailed for 10 to 12 months. In 1988, they were only fined 1 million won.

The Korea Industrial Property Office will enhance its crackdown on the circulation of faked products through close cooperation with other government agencies in the days ahead. Korea is determined to root out sales of counterfeit products and the violation of other intellectual property rights in order to maintain sound trade relations with the United States, the European Community and other advanced countries.

Source of Pro-Pyongyang Mail in South Sought

SK2202013690 Seoul THE KOREA TIMES in English 22 Feb 90 p 3

[Text] Masan, Kyongsangnam-to—Mailmen were consternated early this week to find bundles of letters eulogizing Kim Chong-il, heir apparent of North Korean leader Kim Il-song, in the major industrial towns of Masan and Changwon.

The pro-Pyongyang letters, allegedly mailed by the Central Committee for the anti-Imperialist League, were intended for the labor unions of manufacturing companies based in these southern industrial cities. The letters, picked up at mail-boxes and at the assortment rooms of post offices, described Kim Chong-il as the "guide of the Korean people" and contained congratulations on his 48th birthday.

Last Saturday, a passer-by found a large placard congratulating Kim Chong-il upon his birthday hung on the wall of a three-storied building on a thoroughfare here. Officials found a bundle of 80 letters at the assortment room of the Masan Post Office at Sokchon-tong here at about 4:50 p.m. Tuesday.

Mailmen also picked up 45 letters at mailboxes in Pallim-tong and Oi-tong here Monday alone. Their receivers were Tongil Co. and Korea Tacoma Marine Industries Ltd. in the Changwon Industrial Estate contiguous to this city.

Thirteen letters were found in the mailboxes in Chiram-tong and other districts in Chinju Tuesday afternoon, intended for the labor union of Lucky's factory in Onsan and the interest organizations of blue-collar workers in Ulsan. Thirty-nine copies of Kim Il-song's New Year message were also picked up by the mailmen at mail-boxes in Chinju Feb. 5. They were delivered by a ghost organization dubbed the Study Group for Kim Il-song's Chuche Ideology in the Southern Provinces.

Police investigators suspect that either radical underground labor activists or North Korean moles operating in the industrial cities attempted to send the impure publications as part of their efforts to instigate the

militant unionists to sabotage and subvert the manufacturing industry. Police continue to look into the sources of the pro-Pyongyang letters.

Peaceful Peninsula Fruit of Northern Policy

SK0203044690 Seoul THE KOREA HERALD in English 2 Mar 90 p 8

[Editorial: "Process of Northern Policy"]

[Text] In the past couple of years marked by radical transformations in the global political order, south Korea has been among those countries which have expanded their diplomatic horizons with unmatched elasticity and rapidity. This has been achieved despite the fact that the Korean Peninsula, anachronistically, remains a palpable vestige of the now almost defunct Cold War. In fact, a unique effort to induce north Korea to open up has accelerated Seoul's northern approach.

The first tangible momentum for Seoul's positive diplomacy began with its hosting of the Summer Olympic Games in 1988. It was in Seoul that East and West met for the first time in 12 years for a sports rendezvous. A record 160 countries participated in the Seoul Olympiad, whose success was denied by none. It was ironic that Seoul, which was most severely victimized by the Cold War, provided an impetus to help thaw it.

The rapidity with which Seoul has broadened its diplomatic reach ever since in the Eastern bloc is truly phenomenal. Now the possibility of south Korea setting up formal diplomatic relations with the Soviet Union this year is possible in the wake of, and amidst, establishment of diplomatic ties with East European countries.

President No Tae-u, who entered his third year in office last Sunday, is credited with Seoul's achievements in its northern policy, whose guidelines were first set forth in his July 7 declaration in 1988. Despite conflicting evaluations of his performance on the home front, few would dispute the insight he showed in undertaking the northern diplomatic approach. Surely, premeditated positiveness has contributed to using the changes in Eastern Europe for widening our diplomatic, and for that matter economic and cultural, horizons.

Economic relations with the East bloc, given the short span of time allowed for them, may be achieved in earnest from now on. So far, however, the substance in the economic contacts remains far short of the dramatic nature of opening diplomatic and other relations. The volume of economic exchanges with the East bloc remains negligible compared to trade with other countries.

This is largely attributable to a sense of risk arising out of the still uncertain future of the East bloc countries and the absence of standards for financial transactions. Another factor is that their purchasing power is still too weak to obtain Korean merchandise. The East bloc countries, because of their rigid and unproductive economic systems and resultant stagnation, find themselves limited in economic cooperation with the West. This is why Western and Japanese industries hesitate to undertake economic ventures with them. Of course, this can instead be used as an opportunity, if due preparation accompanies action.

The United States, Japan and the European Community differ in their economic approach toward the East bloc, owing to their individual pursuit of national interests. The projected economic integration of the EC in 1992 and the future of the now divided Germany will certainly influence the pattern of East-West economic relations.

All this must be taken into account by our policymakers in carrying out our northern policies. Thus far, our approach toward Eastern Europe has accentuated the opening of diplomatic ties. And it, no doubt, has paid off, deepening our diplomatic outreach in the bloc—a venture required in coping with the changing world order. At the same time, a balanced approach conscious of practicability is required.

No signs are yet evident that the Pyongyang regime is ready to mitigate its seclusion and join in the world trend of liberal and democratic reforms. But it will soon find itself limited in resisting the surging wave from the outside world. Seoul's ties with the East-bloc countries, favoring detente and reconciliation, will surely help expedite the inducement. Our northern policy, besides practical gains, merits being seen as an effort to establish stable peace in this part of the world where the Cold War is not over, unlike in Europe.

Such hopeful expectations notwithstanding, the situation in East Asia remains elusive. A reduced U.S. military presence in Northeast Asia, perhaps, would create a vacuum, militarily as well as psychologically. The process of filling such a vacuum could give rise to destabilizing regional disputes and an arms race caused by renewed nationalistic inclinations that could encourage a military buildup. Defusing potential flashpoints is imperative.

President No, using his speech yesterday marking the Samil Movement anniversary, called on north Korea again to hold inter-Korea summit talks at the earliest possible date to discuss a wide range of topics. He suggested that discussions be held now to realize exchange programs between the divided halves of the peninsula in a confidence-building bid. A sincere and realistic reception of the proposals by north Korean Communists will lead them to seriously consider such dialogue. Making the peninsula free of any trouble for reconciliation and co-prosperity will prove our northern venture to be truly fruitful.

Brunei, Malaysia & Singapore

Malaysia

Government, Singapore To Step Up 'Dialogue'

BK0703151390 Singapore Domestic Service in English 1400 GMT 7 Mar 90

[Text] Malaysia and Singapore have agreed to step up dialogue to ensure bilateral differences do not become (?problems or) controversies. Malaysia's deputy foreign minister, Dr. Abdullah Fadzil Che Wan, said the understanding was reached during his talks in Kuala Lumpur with Singapore's minister of state for foreign affairs and national development, Mr. Peter Sung. Mr. Sung is part of a delegation accompanying the first deputy prime minister, Mr. Goh Chok Tong, on a two-day official visit to Malaysia.

Mr. Goh met separately with the Malaysian prime minister, Datuk Sri Dr. Mahathir Mohamed, and the defense minister, Tengku Ahmad Rithauddeen. No details of their talks were available.

Security Forces To Continue Thai Border Patrols

BK0503114590 Kuala Lumpur BERNAMA in English 1025 GMT 5 Feb 90

[Text] Kuala Lumpur, March 5 (BERNAMA)—Malaysian security forces will continue conducting surveillance patrols along the Malaysian-Thai border to check the spread of communist ideology among the local people through clandestine activities, Defence Minister Tengku Ahmad Rithauddeen said Monday [5 March]. He said although members of the Communist Party of Malaya (CPM) have recently agreed to lay down their arms, it would not be easy for them to give up what they had been fighting for for the last 41 years.

Such patrols are also essential to stop the smuggling of arms and drugs as well as to look out for illegal prospectors of gold and forest products, he told newsmen after a briefing at the second Infantry Brigade headquarters in Ipoh, capital of central Malaysian state of Perak.

Tengku Rithauddeen said although there was less communist threat along the common border, the area was still not safe for the public as there were many booby traps previously planted by the communists.

Two locations—Lapang Nenering and the East-West Highway—are still designated as controlled areas but many places along the border have been declared "white areas", he added.

Commentary Reaffirms Support for Palestine

BK0603102790 Kuala Lumpur International Service in English 0800 GMT 6 Mar 90

[Station commentary]

[Text] The government and people of Malaysia accorded a warm welcome to Mr. Yasir 'Arafat, head of the state of Palestine. The well-known leader is in this country on a three-day official visit. Mr. 'Arafat is no stranger to Malaysia. He made a visit to Malaysia in July 1984. The Malaysian community respects him as one who has devoted his life to the cause of the Palestinian nation. Malaysia's support for the cause of Palestine is steadfast.

Over the years we have provided not only moral, but also material support. When the State of Palestine was officially proclaimed in Algiers in mid-November 1988, Malaysia was among the first group of friendly states that accorded full recognition. There is a Palestinian diplomatic mission in the Malaysian capital, Kuala Lumpur. The Malaysian press and the electronic media both give considerable attention to the Palestinian crusade for all sovereignty and the intifadah struggle. Malaysians from all walks of life have contributed for the Palestine fund. In addition, Malaysians are working to relieve the sufferings of Palestinians in various refugee camps in Lebanon. In every international forum Malaysia's spokesmen speak up for the Palestinian cause.

This will continue until the Zionist presence in the West Bank and in Gaza is removed. Malaysia is confident that Palestine will take its rightful place among the family of nations. However, there are several pressing problems that the Palestine Liberation Organization has to cope with. It is regrettable that the 200,000 odd Jews who are living in the Soviet Union are being resettled in parts of occupied Palestine.

This is the latest in the long series of humiliation and provocation that have been (?hurled) at the Palestinian people. This policy is a crude repetition of history. It reminds many of the situations of World War II. Thousands of stateless persons of Jewish origin were literally taken and resettled in the former Palestine and trans-Jordan. That policy led to the Arab-Israel war and the partition of old Palestine. Now it looks as though the powers that be are determined to make the Palestinians a minority in their own traditional homeland. Many are led to wonder how the world statesmen can be blind to the consequences of this insensitive policy.

Whatever may be the problems and grievances of the Soviet Jews, they should not be used as a pretext to create more difficulties for the Palestinians.

Mr. 'Arafat's discussions with the Malaysian prime minister, Dr. Mahathir, and his colleagues will center on business development in and concerning Palestine. It has also already been decided that more cooperation between Malaysian and Palestinian media agencies will be activated.

The Malaysia community will continue to demonstrate its solidarity with the Palestinians. It looks forward to more lines of contacts with Palestine and its great people.

Commentary Lauds Growing Ties With Latin America

BK0503102590 Kuala Lumpur International Service in English 0800 GMT 5 Mar 90

[Station commentary]

[Text] The Malaysian Deputy Prime Minister, Encik [Mr.] Abdul Ghafar Baba, is seeking to promote friendly ties between Malaysia and Latin America. His current visit to that part of the world underscores Malaysia's policy of extending and preserving trade, economic, and cultural ties, irrespective of the political and economic ideology of the respective country.

With a rapid advancement in transport and communications, distances mean very little. Malaysia is keen to open up trade and investment links with countries like Chile and Argentina. While in Santiago—the Chilean capital—last week, the Malaysian deputy prime minister reiterated this country's commitment to closer economic cooperation with other developing countries.

Chile shares many common interests with Malaysia. It used to be dependent very much on its production and export of copper. The sharp drop in copper prices over the past decade led to numerous difficulties. However, the Chilean economy today is becoming rapidly more industrial. In this respect, there are interesting parallels between Malaysia and Chile. Both welcome foreign investments and are actively encouraging free enterprise.

The Malaysian economy is more diversified however. Malaysia is also fortunate in not being burdened with a massive foreign debt. Last year, total trade between Malaysia and Chile was valued at about 400 million ringgit in Malaysia's favor. As a result of Encik Ghafar's visit, it is probable that the volume of bilateral trade will increase appreciatively.

Three Chilean companies have expressed an interest to import the Malaysian national car, the Proton Saga. Further, Malaysian firms will be actively participating in the international trade fair that will be held in Santiago later this year. This is an important event in view of Chile's geographical proximity to many Latin American countries. The fair will be a good opportunity for Malaysian manufacturers to publicize their products more widely.

In the political dimension, Malaysia and Chile hold common positions on the world drug problem, disarmament, environmental pollution, and a fairer deal for exporters of basic commodities.

With the growing dynamism of the entire Pacific region, both Malaysia and Chile can, through a greater cooperation, obtain mutual benefit for their peoples.

In Argentina too, the deputy prime minister perceived great potentials for mutually beneficial trade, investment, and other contacts. Understandably, up to now, Argentina tended to look for traditional markets and nearby countries for trade.

The time has come, as the Malaysian leader pointed out, to explore more opportunities in trade with Malaysia. His call is in harmony with Malaysia's promotion of closer south-south links. Argentina's business people are bound to find in Malaysia a rewarding trading partner. After all, 35 countries have invested in Malaysia.

The deputy prime minister's present visit to Latin America can be regarded as the opening of yet another chapter in Malaysia's international relations. It can be confidently predicted that Malaysia will be better known all over Latin America, which is an important part of the world.

Singapore

Armed Forces To Buy Maritime Patrol Aircraft

BK0203111390 Singapore THE STRAITS TIMES in English 2 Mar 90 p 3

[Text] Singapore will be acquiring maritime patrol aircraft to improve its sea surveillance capability. This was disclosed by Lt. Gen. [lieutenant general] Winston Choo, chief of the General Staff of the Singapore Armed Forces, in an interview with MILITARY TECHNOLOGY magazine. At present, this surveillance is being carried out with the Skyvan aircraft. This, the general pointed out, had a limited capability and the acquisition of a maritime patrol aircraft would help improve this.

Another aircraft-related matter raised by the general and under serious consideration is the upgrading of Singapore's F-5Es. These fighter jets form the backbone of the Republic's interceptor fleet. "The requirements of the air battlefield of the future point to more capable interceptors," he said.

He added that at some point in the future a decision will have to be made on whether the F-5Es ought to be upgraded or replaced. "Which way we go will depend on an assessment of the cost-effectiveness of each of the options," he added.

Cambodia

Sihanouk Prepared To Meet Vietnamese, Soviets

BK0803104990 Hong Kong AFP in English 1035 GMT 8 Mar 90

[Excerpt] Bangkok, March 8 (AFP)—Prince Norodom Sihanouk has said he is prepared to hold talks on Cambodia with officials from Vietnam and the Soviet Union, Hanoi's main backer, a document circulated Thursday [8 March] by his office here said.

In remarks last month to a gathering of representatives of his faction around the world, the prince said he accepted "unconditionally to see any Soviet or Vietnamese envoys, even if their ranks are only that of press attache of their respective missions in Bangkok." The statement was part of a summary of Prince Sihanouk's speech to followers on February 18 in the Thai seaside resort of Phatthaya, 150 kilometers southeast of here. Earlier this month, the prince held a meeting here with Phnom Penh Prime Minister Hun Sen before ending years of exile and returning to his homeland in a guerrilla-controlled area of northern Cambodia close to Thailand's border. [passage omitted]

SRV Embassy Denies Report on Military Presence

BK0803052990 Phnom Penh SPK in English 0414 GMT 8 Mar 90

[Text] Phnom Penh SPK March 8—In its March 4, 1990 broadcast, a BBC transmission quoted an AFP correspondent as having reported that some Vietnamese military personnel have stayed on in Phnom Penh and worked in Cambodia's Military Command.

The Information and Press Section of the Vietnamese Embassy in Phnom Penh in a press release issued here on March 6 said it deems it necessary to reaffirm that the last units of Vietnamese volunteers were withdrawn from Cambodia in September last year.

All allegations about the presence of Vietnamese military personnel in Cambodia are without foundation and ill-intentioned, the release said.

SPK Reports on Results of Military Operations

BK0803122390 Phnom Penh SPK in French 1108 GMT 8 Mar 90

[Text] Phnom Penh, 8 Mar (SPK)—As a result of their sweeping operations launched in the country's northwestern border regions during the week ending 3 March, the Cambodian People's Armed Forces put out of action over 400 enemy soldiers, including 370 killed on the battlefields. Meanwhile, they seized 600 assorted weapons and 92 metric tons of ammunition.

It should be noted that they completely recaptured Pang Roloem in the Pailin region on 2 March, putting out of action more than 60 enemy soldiers and seizing a considerable amount of arms and war material.

On 25 February, the Cambodian armed forces recaptured Tonle Sar, 8 km east of Ampil. Eight enemy soldiers were killed and eight weapons seized. On the same day, 17 Khmer reactionaries were put of action at Preav Village.

The enemies have launched large-scale attacks in Banteay Meanchey Province in their attempt to retake Svay Chek from us. However, this attempt by the Khmer opposition forces was frustrated.

Son Sann Gives Interview on Jakarta Meeting

BK0803095390 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 8 Mar 90

[Station correspondent's interview with Son Sann, president of the Khmer People's National Liberation Front and prime minister of the national government of Cambodia, on outcome of the recent Informal Meeting on Cambodia in Jakarta; place, date not given—recorded]

[Text] [Correspondent] I am a correspondent of the Voice of the Khmer [VOK]. My respects to Your Excellency Son Sann, president of the Khmer People's National Liberation Front [KPNLF] and prime minister of the national government of Cambodia. You have just returned from Jakarta where you attended the meeting on the Cambodian problem. Could you please inform VOK listeners on the outcome of this meeting?

[Son Sann] Well, the Indonesian side, that is Indonesian Foreign Minister Mr. Alatas and the French side, Mr. Roland Dumas, agreed to hold this informal meeting in Jakarta in order to seek a solution to a problem that they are very interested in, that is the issue of the United Nations' helping to arrange the administration and free and fair elections in Cambodia. We, the four Cambodian groups, have not paid attention to this approach. In fact, the four Cambodian groups thought that this matter had already been settled so that the United Nations would help maintain peace and security and arrange elections in Cambodia. The four Cambodian groups thought that it would be easy to reach a solution because that was the only problem to be discussed. However, when the meeting began, other problems arose.

In my opinion, the Jakarta meeting was an essential step prior to the international conference in Paris, France where the five superpowers will help us solve our Cambodian problem. For this reason, I made every effort to ensure the success of the Jakarta meeting. On the last day of the meeting, after Mr. Alatas and the cochairman, Mr. Matin who represented Mr. Dumas, held separate meetings with the delegations, a document was issued for final consideration by all parties involved. That night, I asked for permission to speak first. I made a short speech saying that we were here to seek a solution to the problem in Cambodia. As I have done in the past, I asked the four Cambodian groups to realize their duty to

settle the problem themselves. That was why I asked for permission to speak first on the final day of the meeting.

In my speech, I immediately expressed profound thanks to President Suharto for allowing us to hold this meeting prior to the Paris conference; to the two cochairmen, Mr. Alatas and the French side; to all friends who attended the meeting, such as the six ASEAN countries; and to Australia for raising the issue of a UN role in settling the Cambodian problem, an issue which was discussed at this meeting. I said that to show our gratitude to all our friends who want to help us, the Cambodians, in settling the Cambodian problem, must immediately approve the final document. I said that I approved it, even without looking at it. I informed Mr. Alatas that I approved it. After that, Prince Ranariddh, representative of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], said that, like Mr. Son Sann, I also approve it. That was all. When the rest of them, the Vietnamese side, Mr. Hun Sen, and Mr. Khieu Samphan who represented the Khmer Rouge, spoke, they all discussed other problems, particularly the issue of genocide. Mr. Khieu Samphan protested against the use of this word, saying that it was not mentioned at the Paris meeting. Meanwhile, Mr. Hun Sen and the Vietnamese insisted on discussing this matter. Therefore, instead of approving the main point of the meeting—the UN role in maintaining peace in Cambodia, controlling the Cambodian administration, and organizing elections for our Cambodian people to express their will—they discussed the problem of genocide. After a heated argument, both sides disagreed with each other.

This is why the Jakarta meeting was unsuccessful. It was unsuccessful because of the Vietnamese aggressors and the two Cambodian communist groups. As for us, we did not argue. We immediately supported the final document because we realized its importance for Cambodia. It would bring about a general election through which our compatriots could express their views and thereby enjoy peace. On our side, I immediately approved the document without looking at it. The FUNCINPEC side led by Prince Ranariddh also approved it. If everything had ended right there that night, we would soon be holding another meeting in Paris where the five superpowers would help us end the fighting and hold free and fair elections. After that, we would be able to enjoy peace again.

However, what happened at the meeting was totally different. This has caused our Indonesian friends to wonder why we Cambodians are so short-sighted. They wrote in THE INDONESIA TIMES newspaper that the Jakarta meeting did not produce any results because of the Khmer Rouge and Mr. Hun Sen. They also said that the two groups, that is, the Khmer Rouge and Hun Sen, would rather continue their fighting than have peace and that this fighting will end only when there are few Cambodians left. This is their opinion. They said that the two groups—Hun Sen's group in Phnom Penh and the Khmer Rouge group—want to fight until there are no more Cambodian people left.

[Correspondent] Thank you. By now we are aware of the deadlocks regarding the settlement of the Cambodian problem. In your capacity as president of the KPNLF, do you see any new way to continue the search for a peaceful solution to the Cambodian problem and avoid further fighting?

[Son Sann] When we agreed to go to Jakarta, we thought that this meeting—with Indonesia, France, ASEAN, and Australia helping us discuss the UN role in Cambodia—would be a step forward before the final meeting in Paris where the five superpowers would help us. It turns out that no successes were achieved at the Jakarta meeting. However, I still place my hopes on the assistance of the big five. They have met twice already, once in France and once in New York. Within the next few days they will meet again in Paris. The only thing left is to ask the five superpowers to have sympathy for our Cambodian people who have been suffering miserably since 1970. Moreover, the Cambodians must also have sympathy for their fellow Cambodians. Only Samdech Norodom Sihanouk's group and our side have agreed to seriously seek a solution to the Cambodian problem. The other groups, namely the Hun Sen and Khmer Rouge groups, think only of seeking a solution through fighting. They do not want to settle the problem through peaceful means.

Now, I would like to inform all Cambodian compatriots in Cambodia, abroad, and along the border that whenever possible, you should call on the five superpowers to have pity on our Cambodian people who have been suffering for 20 years now. Ask them to help settle this problem for us. Moreover, you should inform the five superpowers of your desire to have free elections under UN supervision. Do that, and it is my opinion that the big five will not be indifferent to the Cambodian suffering. They do have sympathy for Cambodia. They have already met twice and are about to meet again. The big five believe that the time is ripe. In Europe, no one wants communism any more. Here in Cambodia, only two factions are communists and these two factions do not want peace; they do not want a peaceful solution which the rest of the world desires. For this reason, I ask all brothers in Cambodia to ponder what is happening now. In Cambodia, according to what I have learned, prices are skyrocketing. I do not know how many tens of thousands of riel a sack of rice costs, and the average salaries of our brothers are just a few hundred riel. How can they survive? Think about this. In Europe, the people themselves are fighting against communism. East Europe has changed completely. No one wants communism any more. You brothers must show your true desires. You can see that the people's ideology has not brought them happiness. Communism in Europe has already been dumped. Why should we continue to stick with it?

Any one of you who can express his will, his position, should do so by asking the five superpowers to have pity

on us and help organize free elections with the UN presence to help keep peace, temporarily control our government, and organize elections for you, the Cambodian people, to express your opinion. You must not forget who has caused you to suffer during the past 20 years. They are not the nationalists, but the communists. Do not forget that. During the elections if they bribe you, coerce you, or try to persuade you, do not listen, because you know the communists have brought you hardship. In Europe, the people know the truth. That is why they have rebelled against communism. Our people should not remain indifferent. If you cannot do anything, at least say what is in your heart so the world will know that you do not like communism and that you want the nationalists to take control through correct elections with the assistance of the United Nations. We must insist that the big five come to our assistance and help bring peace to Cambodia.

[Correspondent] Thank you, Mr. President. Do you have anything to add for our Cambodian compatriots in the country?

[Son Sann] Venerable Buddhist monks; dear compatriots: I have always wanted an end to the war in Cambodia. I have always wanted to see Cambodians stop killing fellow Cambodians. I have often asked for this. On the contrary, the Phnom Penh side has sent troops to attack the nationalists. I do not understand why they keep attacking us. Not only have the Phnom Penh Cambodians attacked their fellow Cambodians, but they have even hired the Vietnamese to kill us for them. This is a big mistake. The Phnom Penh leaders should think long and hard on this matter. There has been more than enough fighting. How long will they continue fighting? Will they, as THE INDONESIA TIMES said, fight until all Cambodians are killed? If so, who will benefit from this? Not Cambodia. Think hard about that. I beg all people, all Buddhist monks, and all personalities to speak out for the end of the fighting and for the big five to help resolve our problem so that we can hold elections. We would be happy if this could be done.

Ranariddh Says Resistance 'Cooperating Well'

BK0803084190 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 6 Mar 90

[Text] Prince Ranariddh, commander in chief of the Sihanoukist National Army [ANS] and personal representative of Samdech Norodom Sihanouk in Cambodia and Asia, recently said the three Cambodian national resistance forces are currently cooperating well in fighting the Hanoi Vietnamese enemy aggressors. Cooperation between the ANS and the National Army of Democratic Kampuchea is also increasingly better. The prince said the resistance forces have now liberated at least one-fourth of Cambodian territory. The prince said that the Vietnamese still have many tricks. He added that victories of the Cambodian resistance forces on the battlefield will force the Vietnamese aggressors and their puppets to accept the five-point peace plan of Samdech Norodom Sihanouk, leader of the Cambodian national resistance forces and president of Cambodia, to resolve the problem of Vietnam's aggression in Cambodia politically, comprehensively, justly, and peacefully.

VONADK Reports SRV Casualties on Route 10

BK0803021090 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 7 Mar 90

[Text] In an operation launched between 5 and 6 March in areas south of Ta Ngen and Kamping Puoy on the battlefield west of Route 10 in Battambang Province, the Cambodian national resistance forces clashed with the puppet 196th Division and Vietnamese 25th Regiment. During this fighting, the national resistance forces killed or wounded a number of puppet and Vietnamese soldiers. Among those casualties were seven Vietnamese soldiers in the 25th Regiment killed, 10 others wounded, and three wounded Vietnamese soldiers—two group commanders and a platoon commander—captured.

Mongolian Ambassador Baasanjab Receives Welcome

Meets Heng Samrin

BK0103101590 Phnom Penh Domestic Service in Cambodian 0430 GMT 27 Feb 90

[Text] On the afternoon of 26 February at the former royal palace, Comrade Baasanjab, ambassador extraordinary and plenipotentiary of the Mongolian People's Republic [MPR] to the State of Cambodia, presented his credentials to Comrade Heng Samrin, general secretary of the party Central Committee and chairman of the State of Cambodia's Council of State.

Speaking on the occasion, Comrade General Secretary Heng Samrin warmly welcomed the diplomatic mission of the Mongolian ambassador, evidence of the relations of solidarity, friendship, and cooperation between the parties, governments, and people of Cambodia and Mongolia. Heng Samrin informed the Mongolian ambassador of the military situation in the State of Cambodia following complete withdrawal of Vietnamese volunteer troops. Despite the strenuous efforts of the three Cambodian reactionary groups to intensify their activities along the Cambodian-Thai border to bring back the genocidal Pol Pot regime in Cambodia, the Cambodian People's Armed Forces continue to be firm on every battlefield. Heng Samrin also profoundly thanked the Mongolian party, government, and people for providing full support to the just struggle of the Cambodian party, government, and people to peacefully end the conflict in Cambodia.

Replying, Comrade Baasanjab thanked Comrade General Secretary Heng Samrin for allowing him to present his credentials to establish relations between the two countries, Mongolia and Cambodia. The comrade ambassador informed Comrade Heng Samrin of the all-around development of the MPR under the correct

leadership of the Mongolian People's Revolutionary Party. The comrade Mongolian ambassador also affirmed that the Mongolian party, government, and people continue to support the struggle of the Cambodian party, government, and people to find peace and security for the motherland. The comrade ambassador said that he will strive to carry out his diplomatic mission and achieve fine results for the common benefit of the two countries.

Meets Chea Sim

BK0103104590 Phnom Penh Domestic Service in Cambodian 0430 GMT 28 Feb 90

[Text] On the morning of 27 February at the office of the National Assembly, Comrade Chea Sim, member of the Kampuchean People's Revolutionary Party Central Committee Political Bureau and chairman of both the National Assembly and the Kampuchean United Front for National Defense and Construction National Council, received Comrade N. Baasanjab, ambassador extraordinary and plenipotentiary of the Mongolian People's Republic to the State of Cambodia.

On this occasion, Comrade Chea Sim recalled the destruction caused by war, particularly the genocide of the Pol Pot group. The comrade said that after liberation, the Cambodian party and government paid attention to rebuilding social and national infrastructures. However, war still goes on in Cambodia because Cambodian reactionary groups are trying to bring the genocidal Pol Pot regime back to power. After informing the comrade ambassador about the liberalization of policies on land management and use, which was in accordance with the Cambodian people's aspirations, Comrade Chairman Chea Sim said the Cambodian people are just like other people throughout the world. The party and government of the State of Cambodia have put forward many formulas to solve the Cambodian problem and to quickly end the bloody war in Cambodia to respond to the Cambodian people's aspirations. Comrade Chea Sim further said the State of Cambodia has shown its goodwill and made many concessions to the opposing Cambodian groups. However, the latter did not signal any concessions to the State of Cambodia. These groups still stick to their outdated stance.

Comrade Chea Sim expressed profound thanks to the Mongolian party, government, and people, as well as socialist countries throughout the world and various international organizations, for their moral and material assistance to the State of Cambodia. He said he is convinced that fraternal Mongolia will continue to support the State of Cambodia.

After informing Comrade Chea Sim of the development in Mongolia, Comrade N. Baasanjab expressed happiness over his diplomatic mission in the State of Cambodia through which, the comrade affirmed, the previous, current, and future bilateral relations of friendship and cooperation will be constantly expanded and strengthened. Finally, the comrade expressed full support for the just struggle of the Cambodian people in the cause of defending and building the country. The comrade affirmed he will strive to do everything to further expand and strengthen the relations of friendship, solidarity, and cooperation between the State of Cambodia and the Mongolian People's Republic.

Meets Tie Banh

BK0303164390 Phnom Penh Domestic Service in Cambodian 1200 GMT 2 Mar 90

[Text] On the afternoon of 27 February at the 13 October guest house, Comrade Nyamjaviin Baasanjab, Mongolian ambassador extraordinary and plenipotentiary to the State of Cambodia, paid a courtesy call on Comrade General Tie Banh, member of the party Central Committee Political Bureau, vice-chairman of the Council of Ministers, and defense minister of the State of Cambodia.

During the meeting, the comrade Mongolian ambassador sincerely praised the all-around development of the State of Cambodia in the past 11 years, particularly the development of the Cambodian People's Armed Forces which have assumed for themselves the task of defending their motherland. The comrade ambassador also spoke about the relations of friendship and fruitful all-around cooperation between Cambodia and Mongolia during the past 11 years. In reply, Comrade General Tie Banh profoundly thanked the Mongolian party and government, which have constantly paid attention to providing all kinds of assistance to the Cambodian party, government, and people. The comrade defense minister also noted the Cambodian People's Army's capability to assume for themselves national defense tasks following the complete withdrawal of Vietnamese volunteer troops from Cambodia.

On the same afternoon, Comrade Colonel An Sum, vice-chairman of the General Political Department of the Cambodian People's Army, was visited by a group of Soviet reporters to talk about the situation faced by the Cambodian People's Armed Forces in the struggle to smash and destroy the enemies in this dry season campaign. Replying to the Soviet reporters' questions, Comrade Colonel An Sum explained in detail the character of the Cambodian People's Army, which was born from the people and educated and trained in accordance with party and state policies and through the experiences of fraternal socialist countries. The Cambodian People's Army is trusted by the Cambodian party, state, and people and has greatly developed with a courageous, valiant spirit that leads to success on every mission. The comrade also highlighted the recent victories along the Cambodian-Thai border where the Cambodian People's Armed Forces have vigorously counterattacked and destroyed a number of enemy hideouts, causing the enemies to lose their temporary bases and leave hundreds of bodies on the battlefields. Many tonnes of war material were also seized.

Heng Samrin Receives Outgoing CSSR Ambassador

BK1902094590 Phnom Penh Domestic Service in Cambodian 1300 GMT 18 Feb 90

[Text] On the afternoon of 16 February at the former royal palace, Comrade Heng Samrin, general secretary of the Kampuchean People's Revolutionary Party and chairman of the Council of State of the State of Cambodia, granted an audience to Comrade Petr Janecek, CSSR ambassador extraordinary and plenipotentiary to the State of Cambodia, who came to bid farewell upon the successful conclusion of his diplomatic mission in Cambodia. Comrade General Secretary Heng Samrin expressed profound thanks to the Czechoslovak party, government, and people for giving support and assistance to the Cambodian people's cause of struggle, thus helping to bring all-round progress to Cambodia, which was ruined by the genocidal Pol Pot clique. On behalf of the Cambodian party, government, and people, Comrade General Secretary Heng Samrin expressed his firm conviction that the bonds of solidarity, friendship, and cooperation between the parties, governments, and peoples of the two countries will further develop for the interests of the struggle for peace and social progress.

In his reply, Comrade Petr Janecek thanked the party, government, and people of the State of Cambodia for providing favorable conditions for him to fulfill his diplomatic mission in Cambodia. He also acclaimed the achievements scored by the Cambodian people in the past 11 years and voiced full support for the goodwilled concession made by the State of Cambodia in accepting the Namibia formula and the Australian foreign minister's proposal for consideration as a format in deciding and recognizing the UN role in the political settlement of the Cambodian problem, aiming to seek peace and happiness for the Cambodian people.

Bulgarian Officials Receive Greetings Messages

BK0703070590 Phnom Penh Domestic Service in Cambodian 0430 GMT 7 Mar 90

[Text] On the national day of the People's Republic of Bulgaria, Comrade Heng Samrin, general secretary of the party Central Committee and chairman of the Council of State; and Comrade Hun Sen, chairman of the Council of Ministers of the State of Cambodia, have sent a message to Comrade Aleksander Lilov, chairman of the Bulgarian Communist Party's Supreme Council; Comrade Petur Mladenov, chairman of the Council of State; and Comrade Andrey Lukanov, chairman of the Council of Ministers of the People's Republic of Bulgaria. The message noted:

On behalf of the Central Committee of the Kampuchean People's Revolutionary Party, the Council of State, government, and people of Cambodia, we would like to extend best wishes and warmest greetings to you and the fraternal Bulgarian people. We highly value the Bulgarian people's arduous struggle for national liberation from the yoke of Turkish colonialism which scored permanent victory on 3 March 1878. This victory has opened a new historic era of freedom and democracy in Bulgaria. We are convinced that the traditional bonds of friendship and cooperation that exist between our two countries and peoples will further strengthen and develop.

Foreign Minister Greeted

BK0503071890 Phnom Penh SPK in French 0410 GMT 5 Mar 90

[Text] Phnom Penh, 5 Mar (SPK)—Hun Sen, Cambodian minister of foreign affairs, has just sent a message of warm congratulations to Boyko Dimitrov, who has renewed his function as Bulgarian minister of foreign affairs.

In his message, Hun Sen expressed his conviction that Dimitrov's diplomatic missions will constitute an important factor in the development and consolidation of the relations of friendship and multiform cooperation between Cambodia and Bulgaria in the interests of the two countries and peoples and those of the whole world.

Mladenov Receives Cambodian Envoy's Credentials

BK0603030090 Phnom Penh Domestic Service in Cambodian 1300 GMT 5 Mar 90

[Text] Comrade Bo Rasi, ambassador of the State of Cambodia to the People's Republic of Bulgaria, recently presented her credentials to Comrade Petur Mladenov, chairman of the State Council of the People's Republic of Bulgaria. On this occasion, Comrade Bo Rasi conveyed sincere greetings from Comrade General Secretary Heng Samrin and Comrade Hun Sen to the comrade chairman of the Bulgarian State Council and all high-ranking Bulgarian leaders. The comrade also informed the Hungarian leader of the new developments in the State of Cambodia and handed over the communique of the Indochinese deputy foreign ministers' conference to Comrade Petur Mladenov.

Speaking on the occasion, Comrade Petur Mladenov expressed thanks and conveyed greetings to Cambodian leaders. The comrade chairman of the Bulgarian State Council highly valued the efforts of the government of the State of Cambodia in the search for a just political solution to the Cambodian problem. The comrade affirmed that the People's Republic of Bulgaria always supports the State of Cambodia's flexible attitude for a political solution in accordance with a policy of national reconciliation, peace, stability, and good neighborliness in Southeast Asia.

Road to Thai Border Being Built in Koh Kong

BK0703151590 Phnom Penh SPK in French 1114 GMT 7 Mar 90

[Excerpt] Phnom Penh, 7 Mar (SPK)—The communications, transport, and posts service of Koh Kong Province, 270 km west of Phnom Penh, recently began

construction of a new road, 12-km long, linking the provincial seat to the Cambodian-Thai border. Once completed, this road, built in cooperation with a Thai company, will provide a major route for trade between Cambodia and Thailand. [passage omitted]

Indonesia

Suharto Meets Visiting Norwegian Minister 5 Mar

BK0503102190 Jakarta ANTARA in English 0946 GMT 5 Mar 90

[Text] Jakarta, March 5 (OANA-ANTARA)—Norway, which has reduced its oil production by 5 percent of its normal output, still has no plan to further lower the output as the oil price on the world market remains stable. Visiting Norwegian Oil and Energy Minister Eivind Reiten spoke about the policy of his country in oil production after he paid a courtesy call on President Suharto at Merdeka Palace here Monday [5 March]. For the time being, Norway has not thought of reducing further its oil production as the world oil price still shows stability, Reiten told newsmen.

Norway is the only non-OPEC oil producing country which has reduced oil production like the OPEC member countries. Despite the fact that Norway is not an OPEC member country, it always monitors steps taken by the organisation. He said the oil price is considered stable when it reaches 18 to 20 US dollars per barrel.

The president expressed the hope when receiving the Norwegian governor [as received] that Norwegian companies will be prepared to make investments in Indonesia.

The Indonesian Agency for the Application and Assessment of Technology (BPPT) is currently engaged in cooperation with Norway in handling a pilot project for the use of sea wave for energy generation.

Suharto Meets With Polish Delegation 6 Mar

BK0603142190 Jakarta Domestic Service in Indonesian 1200 GMT 6 Mar 90

[Text] A Polish parliamentary delegation, led by its speaker, Mrs. Olga Krzyzanowa, paid a courtesy call on President Suharto today. On this occasion, the president briefed the Polish parliamentary delegation on Indonesia's role in international affairs and on domestic issues that the country is currently facing.

Mrs. Krzyzanowa expressed her country's wish to upgrade cooperation with Indonesia—especially in trade and economic relations—because Indonesia is considered to have been successful in its economic development. She said there are many similarities between Indonesia and Poland, one of which is the attitude of their people, who love freedom and peace.

Alatas on Attention to Cambodia, Palestine Issues

BK0703081290 Jakarta ANTARA in English 0743 GMT 7 Mar 90

[Text] Jakarta, Mar 7 (OANA-ANTARA)—Indonesia pays attention to various international issues today, besides making efforts to seek solution to the Cambodian conflict, Foreign Minister Ali Alatas said here Wednesday [7 March]. "We continue to monitor very accurately developments in the Middle East," Alatas spoke to newsmen before he attended a cabinet session on economic, financial and industrial affairs at Bina Graha [presidential office].

Indonesia is concerned about the fate of immigrants from the Soviet Union who have been reportedly resettled in areas occupied by Israeli forces, he said. Indonesia has consistent and firmed stance on settlement which is blamed by most countries in the world because it is considered contrary to the United Nations' decisions.

The effort to encourage dialogue between Palestine, Israel, the United States and Egypt is still monitored, Alatas said, adding that Indonesia always supports Egypt in seeking solution to existing problems. If Israel persists in rejecting representatives of the Palestine Liberation Organisation (PLO) in the Palestinian delegation, the dialogue will fail to make progress, he revealed. He pointed out that most countries in the world have recognized PLO as the only legitimate representative of the Palestinian nation. It is illogical to refuse to hold talks with the legitimate representative, he added.

Ali Alatas Likely To Visit PRC in April

BK0703114790 Jakarta ANTARA in English 1027 GMT 7 Mar 90

[Text] Jakarta, Mar 7 (OANA-ANTARA)—Foreign Minister Ali Alatas would visit Beijing, possibly after the Id Al-Fitr Moslem feast, to continue talks on efforts to normalize diplomatic relations between the most populous country in the world and Indonesia.

Replying to questions shortly before a limited cabinet session here Wednesday [7 March], Minister Alatas said the planned visit would be preceded by a visit of a technical delegation comprising senior officials from several ministries in the near future, including the Finance Ministry. He explained there were no sticky problems to be taken up in Beijing between the two sides since the current matters left so far was just to fix figures related to the debt between the two countries. If the team have finished their discussion with Chinese officials, it would be continued at the ministerial level, he said, adding that it would mean talks in political nature. He went on that the technical team would only discuss financial matters, an aspect which has not been settled yet in the previous talks. The debt would, in principle, be solved in accordance with the Paris formula, he said.

On the Indonesian Embassy in the Chinese capital city, he said Indonesia would lease a new building and not occupy the old one which has also been hired by Indonesia.

Double Tax Avoidance Accord Signed With Italy

BK0203070590 Jakarta THE INDONESIA TIMES in English 19 Feb 89 p 1

[Excerpts] Indonesian Foreign Affairs Minister Ali Alatas and his Italian counterpart Gianni de Michelis signed a bilateral treaty on double tax avoidance at the Pancasila Building of the Foreign Affairs Ministry in Jakarta Sunday [18 February]. The treaty covers bilateral tax avoidance and prevention which includes tax tariffs on dividend income taxes, interests and royalties, corporate profits, shipping and air transport, nondiscrimination, and other taxation particularities involving business activities of the two countries. [passage omitted]

Aided by 25 high officials of the Italian Foreign Affairs Ministry, Minister de Michelis visited Jakarta for two days from 17 to 18 February to explore possibilities of enhancing the Indonesian-Italian cooperation while continuing to improve the relations between Europe and Indonesia.

Joint Security Panel With PNG Planned

BK0103065690 Jakarta Domestic Service in Indonesian 0000 GMT 1 Mar 90

[Text] Indonesia and Papua New Guinea [PNG] will set up a joint security committee as part of the border agreement that was recently reviewed by the two countries. The PNG Ministry of Foreign Affairs said in Port Moresby that establishing such a committee constituted one major additional clause in the border agreement.

In a brief directive, PNG Prime Minister Rabbie Namaliu instructed Foreign Minister Michael Somare to sign the agreement in Jakarta at a date as yet unspecified. The validity of the agreement, which covers the legal framework of all border issues, has been extended from five to ten years and will expire in the year 2000. The joint security committee will consist of Indonesian and PNG Government officials who will discuss several security issues affecting bilateral relations.

Commentary Reviews Failure of Cambodia Talks

BK0303152990 Jakarta Domestic Service in Indonesian 0000 GMT 3 Mar 90

[Station commentary]

[Text] The failure of the informal meeting on Cambodia [IMC] in Jakarta to issue a communique on Thursday [1 March] [words indistinct]. This can be summed up from the statement of Khieu Samphan, head of the Khmer Rouge delegation, that the war in Cambodia had not yet ended. The Khmer Rouge's hope was bolstered by the Phnom Penh delegation's insistence on the inclusion of the issue of genocide in Cambodia in the draft communique even though it had already contained a clause stating a Cambodian Government to be born of a free and fair election should recognize internationally accepted human rights principles and standards.

It seems that the two sides want the continuation of the Cambodian war as an alternative. In fact, the acceptance by the two sides of a UN role as proposed by Australia (?remains unclear). Will the world body be allowed to replace the twin governments in Cambodia or just monitor an election? Compared with the Geneva talks which ended the Franco-Vietnamese war in 1954, both the IMC and the Paris conference have failed to produce the desired results. During the Geneva talks, the Viet Minh [League for the Independence of Vietnam] bowed to pressure from Moscow and Beijing in contrast to the Khmer Rouge, which did not yield at all. The Phnom Penh delegation even appeared to have provided the Khmer Rouge with a reason to foil the talks.

Therefore, like the Iran-Iraq war which could be stopped only by the UN Security Council, it will be difficult to restrain the two sides which have chosen the continuation of the Cambodian war as an alternative. Because of this, only the Security Council may be able to find a way out for the deadlocked IMC. It should be noted that current world conditions are providing the United Nations with great opportunities to increase its role. The possibility of the world body salvaging the results of the IMC in Jakarta cannot be ruled out.

Laos

Nouhak Phoumsavan Delivers Inaugural Speech

BK2802131590 Vientiane PASASON in Lao 10 Feb 90 pp 1, 5, 8

["Text" of inaugural speech by Nouhak Phoumsavan, chairman of the Supreme People's Assembly, delivered at the opening of the third plenary session of the second assembly held in Vientiane on 9 February]

[Text] Beloved presidium, personalities, members of the Supreme People's Assembly [SPA], respected distinguished internal and foreign guests, the third plenary session for early 1990 of the second SPA opens today as our army and people are make efforts to foil the enemies' schemes in order to defend the country's peace and order. At the same time, all sectors, agencies, and localities are strongly determined to go to rural areas to work with farmers to implement the agricultural restructuring program, boost dry-season crops production, and to make preparations to guarantee production success for the 1990 harvest season—the year we must take another step in expanding our country's revolution in every sphere.

On this occasion, I would like to wholeheartedly welcome SPA representatives, both males and females, from

every province to this plenary session. On behalf of SPA members, I express high salutations to respected Comrade Kaysone Phomvihan, general secretary of the party Central Committee and chairman of the Council of Ministers, and best regards to Comrade Phoumi Vongvichit, acting president of the country, comrade members of the Political Bureau and Secretariat of the party Central Committee, comrade vice-chairmen of the Council of Ministers, comrade ministers, and comrade chairmen of state committees. Thank you for the valuable time you have spared to attend this session. Your presence here has greatly honored this session and is moral support for SPA members. I must also thank diplomats and representatives of the international organizations for your presence in this session. I thank Lao and foreign reporters who are here to cover this session.

Respected personalities and comrades, in late 1979, the SPA convened its second plenary session and unanimously endorsed four draft laws which have been promulgated and enforced after the president signed them. Subsequently, the People's Supreme Court has sentenced the exiled Vietnamese reactionaries led by Tran Quang Do who attempted to cross into our country from Thailand to carry out subversive missions in the SRV. The government's action regarding this, a new development in our state, has been widely praised by our people and cadres.

During this session, we will jointly deliberate and endorse the socioeconomic development plan and state budget for 1990 in accordance with the direction stipulated by the ninth plenary session of the party Central Committee. The draft socioeconomic development plan and state budget to be presented by the Council of Ministers during this session is extremely important because 1990 is the last year of the second five-year state plan. We will see major political events in our country as our entire party, army, and masses are making efforts to score new achievements to welcome the 35th founding anniversary of the Lao People's Revolutionary Party [LPRP] and preparing for the celebration of the 15th founding anniversary of the Lao People's Democratic Republic. Other political events of international significance this year include the 120th birthday of the Great Lenin and the 100th birthday of President Ho Chi Minh.

The 1990 plan will compensate for the retardation and shortcomings of the past four years. It is this year, 1990, that we must strive to create primary conditions conducive to the implementation of the third five-year state plan (1991-1995). This year is the first year of the 1990's decade. Based on the plan, this year marks a good start for the last decade of the 20th century for our country. During this decade, we will see tremendous changes in the scientific and technological fields and its socioeconomic effects worldwide. The ability to make progress in these areas varies from country to country. Some countries may advance slower than others. According to UN statistics, our country is listed as one of the most impoverished and backward nations. Nevertheless, our people have maintained the tradition of patriotism and unity as one soul and one body to fight the aggression of the imperialists and reactionary forces.

During the new phase of the revolution in the last 14 years, our people jointly overcame the difficulties left over by history. They defended the new regime, developed the country, and improved their lives both materially and spiritually. During the struggle which required much sacrifice, the LPRP, the only organizer and leader of every victory, led our people to march forward. No matter how many more difficulties will arise and how dangerous and confusing the international situation will become, our people will neither stand idle at the old place nor will they ever discard the goal of socialist revolution. We will forge ahead together with other countries of the world to offer our small contribution to the common development of mankind.

Distinguished guests, beloved comrades: This is the first time that our SPA is holding discussions on the socioeconomic development plan and the state budget for 1990, tasks which aim to translate into reality our party's policy of restructuring. Following the plenary sessions of the Party Central Committee, in particular the seventh plenary session which was held in early 1989, our party has concentrated on the tasks that must be renovated in all respects and on more in-depth restructuring. In our country, restructuring has taken place in economic management and in the economy.

With the restructure of the entire economic system and the changes in all fields, we have also made changes in the political system. The main purpose of political change, in particular, and change in the entire society, in general, is to raise the role, status, and rights of mastery of the people to gain strength to push socioeconomic development forward.

For this reason, political change is necessary, for it brings about the consolidation, expansion, and perfection of the popular democratic system as well as the strengthening of the party's leadership role and the management role of our state.

At present, we are standing in front of the material and spiritual aspirations of the people, which have quickly improved each day, but the production capability is still too low. This is the disagreement emerging in our society. From this situation we understand that high socioeconomic development, which has become a crucial demand of our people, is a complicated task. Our state cannot fulfill this task by relying only on its specific executive apparatus. To do this it must understand the genuine requirements and aspirations of the people, grasp the concepts of market demand and supply, and promote and expand the rich potential of our nation and people. There is no other way to effectively settle this problem than to associate closely with the people and to listen to their views on many subjects to correctly set the direction for socioeconomic development.

To set the direction is the duty of most people attached to the different professional branches of different economic sectors, people of all strata and of various tribes in the society, laborers in factories or plants in towns, the countryside, and mountainous areas. If the state fails to encourage, organize, and make use of the labor, intelligence, capability, and lessons of the people, it will not be able to break free from difficulties and obstacles. Worse still, socioeconomic development will be delayed or come to a standstill.

The key for mobilizing the strength of the people of all strata and all tribes in implementing party and state lines and policies is to vigorously turn to the grassroots—a task that was stressed in the resolutions of all plenary sessions of the party Central Committee as well as in resolutions from other meetings held over the previous years. In particular, the recent ninth plenary session of the party Central Committee reiterated turning to the grass roots in accordance with the resolution No. 59 of the Political Bureau of the party Central Committee. Only by correctly doing that can we maintain the tranquillity of the society, firmly consolidate the new system, improve the people's material and spiritual life, and minimize mistakes and shortcomings, which can be used by the enemies to confuse the political situation in our society. However, raising the role, status, and rights of mastery of the people must be done in accordance with the working procedures of the SPA and the local people's assemblies at all levels with the close coordination of the people for the genuine interests and aspirations of the people.

Our state is a popular democratic state. All the state power is attached to the people. People use the power through the SPA and the local people's assemblies at all levels which are directly elected by the people by vote casting. For this reason, the SPA and the local people's assemblies at all levels serve both as organizations representing the people and as organizations that maintain the power of the state. This is the essence of the popular democratic system.

Democracy has, so far, become a double-edged knife and a confusing issue in our country and the world. The imperialists and reactionary forces have been exploiting democratic rights to incite movements against communist and workers parties in a number of socialist countries in Eastern Europe, thus aggravating the political situation in those countries.

As they take advantage of the democratic rights in those socialist states, they also accuse our country of a lack of democracy. What is the objective of their fact-distorting statement? Is it possible that they intend to exploit democratic rights to incite bad elements to rise up against the party and destroy our people's revolutionary tasks? I must disprove such a groundless accusation.

During the past 15 years, the formulation and implementation of policies have been aimed at serving the people and enhancing their patriotism and mastery. Multiethnic people of all strata have accepted and consciously implemented every plan and policy of the party and state to boost efficiency in production, national defense and maintenance of peace and order, promotion of education and culture, free and legal circulation of goods, and the one-rice policy now practised in the market with consent of buyers and sellers. The people's willingness to implement party and state lines and policies will benefit themselves and further enhance their solidarity with the party and new regime.

As a result of the restructure of the political system, we held elections of members to the people's councils at the provincial and district levels and Supreme People's Assembly in 1988 and 1989 in order to promote genuine democratic rights and freedoms of the citizens. This is the first time in the history of our country that the people were allowed to vote for their own representatives to the people's councils at different levels. They were not forced or bribed to vote for any particular person. The people have exercised their basic political right, and voter turnout for the election was nearly 100 percent. This is the striking difference between elections under the old and new regimes. All the events clearly testify that the formulation and implementation of the party and state lines and policies are based on the promotion of the people's right to mastership which we regard as the most basic right of the people and the true essence of democracy. Our country's democracy is democracy within the legal framework and intends to serve the people's interests and right to mastership, not boundless democracy which is a form of anarchy. When the enemies say we do not have democracy, they mean we lack capitalist-style democracy. They are right in their sense. We do not practice capitalist-style democracy. Our country embraces popular democracy under the leadership of our party.

Personalities, in restructuring to increase the efficiency of state management, there is nothing more important than the promotion of people's right to mastership through the functioning of people's representative organizations.

After the deliberation and promulgation of the four laws by the SPA late last year, the government will present the draft socioeconomic development plan and state budget for 1990 to this SPA session for consideration and endorsement. This is the duty of the SPA in its capacity as the supreme organization representing state power and the people and the first step in the restructuring of the political system in our country.

We will be more satisfied if the SPA can more effectively carry out its duties and responsibilities. If so, we have a new problem, that is how are we going to create all the necessary conditions for the SPA and every SPA member to fulfill their duties. Up to this point, the majority of the SPA members might wonder why preparation for this session was made in such haste. Their wonder is not groundless as we might encounter difficulties in our discussions and exchanges of opinions in contributing to

the endorsement of the socioeconomic development plan and state budget for 1990.

To correct the shortcoming, I think after this session, the SPA standing committee will consider new methods for the assembly and its members. They will find ways to inform SPA members of the agenda in advance and provide them with necessary documents for future sessions so they can be prepared for discussions, consultations and the endorsement of plans and laws. This is to ensure that the SPA and its members can efficiently inspect and monitor the implementations of plans and enforcement of laws.

This plenary session will open a new episode on the functions of the SPA. On this occasion, I call on comrade SPA members to heighten their sense of responsibility concerning the promotion of full democracy to give comments to provide the foundation for the endorsement of the socioeconomic development plan and state budget for 1990.

Our session is elated and feels honored by the internally and internationally significant report presented by Comrade Kaysone Phomvihan, general secretary of the party central committee and chairman of the Council of Ministers.

I hereby declare the official opening of the third plenary session of the second SPA.

Thank you.

Interior Ministry Holds Annual Conference

BK0603105790 Vientiane KPL in English 0931 GMT 5 Mar 90

[Text] Vientiane, March 5 (KPL)—The Ministry of Interior opened here on March 3 its annual conference under the chairmanship of its minister, Lieutenant General A-sang Laoli, who is also a member of the Lao People's Revolutionary Party Central Committee (LPRP CC).

The conference to last about one week will make an assessment on the last year's activities and achievements and discuss the weak and strong points and shortcomings. The participants will also work out an action plan for the year 1990.

Among the participants of the conference were Lieutenant General Khamphon Boutdakham, LPRP CC member and deputy minister of interior, Major General Siangsom Kounlavong, LPRP CC member and deputy minister of interior, Major General Bounma Mithong, deputy minister of interior, and some senior police officers from all parts of the country.

Philippines

Manglapus Says Bases Can Stay If Used Jointly

HK0803085990 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 8 Mar 90

[By Rey Arquiza of Mobile Unit No 21; slantlines denote passage in English]

[Text] Foreign Affairs Secretary Raul Manglapus today said the Philippines will retain the U.S. military bases provided they will be for joint use. According to him, this is an alternative which has a great appeal to both parties and is being considered by both Filipino and U.S. officials. He said: /Joint use of the bases involves continuation./

Regarding the scheduled exploratory talks next month, Manglapus said the agenda has not yet been agreed upon. But he stated that the United States' failure to fulfill its commitment to pay for the bases' stay for the next two years will be the main issue. The exploratory talks will center on this and there will be heated discussion.

Former Senator Tanada Urges Removal of Bases

HK0803104190 Manila PHILIPPINE DAILY INQUIRER in English 8 Mar 90 pp 1, 11

[By Nimfa U. Rueda]

[Text] Former Sen. Lorenzo Tanada last night said the coming talks between the Philippines and the U.S. on the fate of the U.S. military bases provided a "singular and historic opportunity" for President Aquino to be the first Filipino leader "who removed at last all foreign bases from our shores."

In a rare speech delivered before students and faculty of the De la Salle University, Tanada also called on Filipinos to pressure government officials to "take the lead for the removal of the bases" during the exploratory talks on the bases which is scheduled to start next month.

"Let us pray that President Aquino does not let pass the singular and historic opportunity now open before her, an opportunity not given to any Filipino leader before—that of being the President who removed at last all foreign bases from our shores and who saw at last the last Philippine-based foreign soldier leave our country after 426 years," said the 92-year-old former senator.

Tanada delivered the speech after receiving a plaque of recognition given him by the De la Salle University. Tanada said it was the first time he spoke in public in the last two years. Tanada said he was "shocked" by reports that the Americans have no intention of giving up their bases here.

"The Republic of the Philippines, not the United States of America, owns those bases, or do we have to bring the case to the U.S. Court of Industrial Relations to prove that all these years the U.S. recognizes the Philippines as the owner of those bases," he said.

Tanada said the Philippine panel in the exploratory talks should be reminded that the bases issue "overwrites considerations of mere money, economic largesse, or any transient material prosperity." He added that the social ills allegedly bred by the presence of the U.S. bases in the country, such as prostitution, gambling, alcoholism and drug addiction should be considered.

Tanada later joined university officials and anti-bases advocates, including nationalist historian Renato Constantino and former Constituional Commission member Wilfrido Villacorta in singing Bayan Ko [My Country]. [passage omitted]

Women Hold Antibases Rally at U.S. Embassy

HK0803113590 Quezon City GMA 7 Radio-Television Arts Network in Tagalog 1030 GMT 8 Mar 90

[Text] Militant women did not let the International Women's Day pass without action. About 3,000 women marched and took part in an antibases and anti-nuclear weapons demonstration at the U.S. Embassy. They said that their demonstration is a manifestation of their firm opposition to the continued presence of the U.S. bases in the country.

Japan Urged To Help Rebuild Economies in Asia

HK2102034790 Tokyo KYODO in English 1414 GMT 19 Feb 90

[Text] Manila, Feb. 19 KYODO—Philippine Trade and Industry Secretary Jose Concepcion Monday urged Japan to help rebuild developing economies in the Asia-Pacific region by increasing assistance and opening up its markets to their products. Concepcion also challenged Japan to assume in the Asia-Pacific region the role of the European Economic Community in rebuilding economies in Eastern Europe. The EEC is now making available its markets, investments and official development assistance to Eastern Europe, he pointed out.

In a speech before the 13th joint meeting of the Japan-Philippine Economic Cooperation Committee, Concepcion also criticized the "snail-paced" flow of Japanese investments in the region, which totalled only 1.8 billion dollars out of 40 billion dollars Japan has invested worldwide.

Top Filipino and Japanese business leaders began the two-day meeting by discussing how they could help their governments expand economic cooperation between the Philippines and Japan.

Shinroku Morohashi, chairman of the committee, expressed satisfaction about the turnout for the annual dialogue, pointing out it was the biggest in the group's history. About 150 Filipino business executives and 80 representatives of Japanese companies are attending the conference.

Austria 'Will Not Reduce' Pledged Aid

HK2002094990 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 20 Feb 90

[Text] The Austrian Government today assured it will not reduce its pledged development aid to the Philippines. Austrian Ambassador Otmar Koler issued the assurance because of fears by the leaders of developing countries that industrialized countries may shift their support to Eastern Europe. Here is part of Austrian Ambassador to the Philippines Otmar Koler's statement:

[Begin Koler recording in English] I assure you that Austrian aid programs to the Philippines will not be affected by the developments in Eastern Europe. There are various kinds of development aid; one kind is through international institutions like the ADB [Asian Development Bank] and other U.N. organizations—that is aid in specific programs; another kind is through provincial governments in Austria and through non-governmental organizations—that is aid consisting of scholarships and those kinds of programs. [end recording]

Aircraft Agreement Signed With Italian Firm

HK2002104590 Manila Radio Veritas in Tagalog 0900 GMT 20 Feb 90

[By Jonathan Cristobal from Camp Aguinaldo]

[Text] The government-owned Philippine Aerospace Development Corporation [PADC] and an Italian aircraft manufacturer today signed an agreement to build F-211 trainer jets for the Philippine Air Force. Air Force Chief Major General Jose de Leon reported that a $15 million contract was concluded with the Italian firm Augusta. The firm has already delivered three F-211 trainer jets to the Air Force which is now conducting performance test flights in Central Luzon. Fifteen more trainer jets are expected.

The performance test flights will determine the F-211's flight capability after the trainer jets are assembled from knocked down components in the Philippines.

The agreement stipulates that the PADC will build the aircraft under the supervision of Augusta.

General de Leon said the joint venture will generate employment worth 545 million pesos. PADC will also serve as maintenance center for Augusta-made aircraft in Asia. The agreement also provides for technology transfer components worth $1.2 million.

Aquino Warns Officials About Private Arsenals

HK0803100790 Manila Radio Veritas in Tagalog 0900 GMT 8 Mar 90

[By Gabby Salcedo]

[Text] President Aquino said that the government will act against any government leader who maintains a

private arsenal. She made the warning as she praised the late General Oscar Florendo. According to her, his peace efforts were not in vain. Here is the president's statement through Press Secretary Tomas Gomez III:

[Begin recording in English] In an era of freedom and democracy, it is unthinkable that any local government leader must keep a private arsenal. When such a leader does so, questions are raised about the validity of his or her leadership. Today we govern by the will of the people. The will of the people is expressed in the dynamics of democracy. The resort to high-powered arms and the display of private armies betray the fact that such leaders are unable to stand the scrutiny of the dynamics of democracy. On this aspect, let me just underscore one thing: Our govenment is determined to enforce the rule of law. Let this not be misunderstood as [word indistinct] treatment for those who taunt the will of this government to preserve peace and democratic order. Brigadier General Oscar Florendo, an officer and a gentleman of the finest order, recently paid dearly with his life to help preserve the ways of peace. Let it be clear in the minds of those who desire the ways of peace that what General Florendo stood and died for would not go to waste. [end recording]

De Villa Orders Probe of Alleged Payoffs

HK0603113590 Quezon City Radyo ng Bayan in Tagalog 1000 GMT 6 Mar 90

[Text] Armed Forces of the Philippines General Renato de Villa has ordered an investigation into an alleged acceptance of money by some military officials to support Aguinaldo. Here is Jim Villasano with the report:

[Begin recording] General De Villa admitted that the payment of money to members of the Armed Forces and the Tuguegarao National Police is possible. The reported soldiers and policemen were formerly Aguinaldo's men when he was still the governor of Cagayan. De Villa, however, refused to identify the officials who allegedly accepted money, saying that the matter is now under investigation by the military.

Most of Aguinaldo's men were CAFGU [Citizen Armed Forces Geographical Unit] members, dismissed military men, and Aeta tribesmen whom he used in his anti-insurgency campaign in Cagayan Province. The armed supporters numbering about 300 men, who were recruited by Aguinaldo for his own protection, were the same armed men who occupied a hotel, hostaged and killed former CRS [Civil Relations Service] Chief Brigadier General Oscar Florendo.

De Villa also said that he ordered an investigation of the 9th and 10th CAFGU companies who supported Aguinaldo. He stressed that the military is not looking for scapegoats, but that it only wanted to restore a normal situation in the province and to take up necessary measures to prevent similar incidents from occurring. [end recording]

Government Forces Said To Recover Six Towns

HK0803102590 Manila MANILA BULLETIN in English 8 Mar 90 pp 1, 17

[By Roy C. Sinfuego]

[Text] Government forces hunting suspended Cagayan Gov. Rodolfo Aguinaldo and his armed men have taken over six towns he used to control. During a press conference at Camp Aguinaldo in Quezon City, Defense Secretary Fidel V. Ramos said Marines led by Maj. Arnold Blanco of the 11th Marine Landing Battalion, two Army battalions, and a PC [Philippine Constabulary] Company have taken over six towns controlled by Aguinaldo and his men.

He added that eight more members of the Civilian Armed Force Geographical Unit (CAFGU) who helped Aguinaldo escape were captured by marines during an operation in Gattaran and Baggao towns, believed to be the strongholds of Aguinaldo and his forces. Two lawyers and an aide of Aguinaldo were also reportedly arrested by military authorities in Tuguegarao. They were identified as lawyers Victor Padilla and Constante Consigna, and a certain Gatchalian, chief of the security unit of the provincial capitol.

The mayors of Buguey, Sta. Ana, and Sta. Teresita who joined Aguinaldo are still being hunted, Ramos said.

The six Cagayan towns now under government control are Gattaran, Baggao, Buguey, Gonzaga, Sta. Teresita, and Penablanca.

Official casualty figures released by defense and AFP [Armed Forces of the Philippines] authorities showed that the government side had five fatalities, including Brig. Gen. Oscar Florendo, commanding general of the AFP-Civil Relations Service; Sgt. Isagani Patenga, Pfc. [Private first class], Rodelo Valdez, Pfc. Samuel Dulnuan of the Army's 65th Infantry Battalion, and C2C [Constable Second Class] Alfonso Lopez of the Isabela PC [Philippine Constabulary].

On the Aguinaldo side, 12 were confirmed killed, and a total of 246 armed followers were captured or surrendered to government troops. Among those captured were Army Capt. Feliciano Sabite, suspected killer of Florendo; 22 soldiers, 78 CAFGU members, and 147 armed civilian volunteers.

The 120th PC Company cleared and secured Calaogan Dakel of Gattaran, considered the main stronghold of Aguinaldo, but troops said the place was abandoned.

The 65th Infantry Battalion (IB) under Lt. Col. Lino Dimabuyo cleared and secured the towns of Buguey, Gonzaga, and Sta. Teresita, while the 21st IB under Lt. Col Rudy Alvarado took control of Pena-balanca.

Military authorities said the firepower of Aguinaldo and his 200 to 300 men has weakened with the capture of many guns and ammunition.

A PC Criminal Investigation Service (CIS) team led by Maj. Marlano Chavez seized Aguinaldo's Galil assault rifle, an M-60 light machine gun, and three Armalite rifles abandoned by Aguinaldo near a creek behind the Philippine Airlines office in Tuguegarao. Aguinaldo was seen brandishing the Galil assault rifle at the height of his mutiny in Tuguegarao.

Ramos said 3,500 troopers are combing Cagayan province with the help of support aircraft from the 15th Wing of the Philippine Air Force.

Immigration Puts Enrile on Hold Order List

HK0803025390 Manila Far East Broadcasting Company in Tagalog 2300 GMT 7 Mar 90

[Text] Acting Immigration Commissioner Andrea Domingo has issued a hold departure order on Senator Juan Ponce Enrile. She gave the directive after the Supreme Court ruled in favor of his receiving bail. According to Domingo, now that Enrile has been released, he should be on the hold order list, like others linked to the failed December coup.

Brawner To Petition for Writ of Habeas Corpus

HK0803032390 Manila Far East Broadcasting Company in English 2300 GMT 7 Mar 90

[Text] Retired Armed Forces General Felix Brawner turned himself in to the authorities, so he was prepared to face the rebellion charges filed by the government against him and several others, including Senator Juan Ponce Enrile. Brawner said his lawyers will file a petition for a writ of habeas corpus, just as Mr Enrile did before he was allowed to post bail. But Mr. Jaime Salazar of the Quezon City Regional Trial Court [RTC] said the retired brigadier general and six other alleged participants to the December failed coup are not entitled to bail. Judge Salazar also revealed that Brawner and former Bureau of Customs intelligence officer Odi Serrano sent feelers for surrender to authorities Tuesday [6 March]. The RTC judge said no bail directive issued will apply on Brawner, Serrano, and five others unless the Supreme Court reverses its order.

Senior State Prosecutor Aurelio Trampe revealed that the filing of rebellion charges against those who have been linked to the December 1 failed coup is deferred pending the Supreme Court's resolution and Senator Juan Ponce Enrile's petition to drop the charges against him.

Salonga Cites 'Issues' Used by Coup Leaders

HK0703120190 Manila MANILA BULLETIN in English 7 Mar 90 p 8

[By Olaf S. Giron]

[Text] Senate President Jovito Salonga said yesterday it is necessary not only to mete out justice to those involved in a coup on the basis of evidence and the governing law but also to attend to the legitimate issues which the coup leaders tried to use and capitalize on to get popular support. Speaking before the Manila Jaycees at the Holiday Inn, Salonga pointed to such issues as inefficiency in the delivery of basic social services, widespread corruption in government, and the massive poverty of the people.

What makes a coup d'etat reprehensible is the fact that its key leaders, contrary to their oath of office, take undue advantage of their key positions within the establishment to overthrow the very government they had pledged to defend, the senator pointed out. He added that in the case of the military, they draw their salary from the government and they enjoy the legal monopoly of the gun and other instruments of mass violence. In the case of the civilian officials, they occupy positions of leadership which enable them to usurp the powers of government.

Salonga said this was how the late President Ferdinand Marcos carried out what is known to political scientists as the palace or executive coup by declaring martial law in September 1972 and arrogating unto himself all the powers of government. "It is here where I differ with Senator Enrile and those who believe with him that what Marcos did in 1972 was legal and constitutional," he said.

Citing the Muslim insurgency in the South and the New People's Army (NPA) rebellion in the North as his principal reasons, Marcos declared that he had no other recourse but to impose martial law, "to save the Republic and reform society," Salonga said. Ironically, he noted, in less than one day, the Republic he was supposed to save disappeared.

In short, Marcos assumed all powers of government in contravention of the democratic Constitution he had sworn to follow and uphold, the Senate president averred.

"It is good to put all these facts in perspective because of the constant assertion that all the coups which occurred here were launched under the Aquino government. The fact of the matter is that the first and only successful coup was carried out by Marcos. All the other coups (six of them) were launched against the democratic government under President Aquino," he stressed.

Salonga said he is against a coup d'etat because if it succeeds it would pave the way for military rule. And military rule, despite the pretensions of certain military officers, invariably leads to abuses and excesses which cannot be checked because of the absence of democratic institutions.

Joint Committee Favors Parliamentary System

HK0703070190 Manila Far East Broadcasting Company in English 2300 GMT 6 Mar 90

[Text] A joint Senate-House committee agreed in principle on the need to shift from the presidential to a

parliamentary form of government, possibly to take effect after the 1992 general election. The bicameral committee members on constitutional amendment are unanimous in saying that the country's present problems are better addressed by a parliamentary form of government. Nueva Ecija Representative Hermogenes Concepcion, head of the House panel, said the committee formed a technical staff or an ad hoc committee which will draft proposed amendments to the Constitution prior to the convening of Congress into a constituent assembly. The shift to a parliamentary form of government requires the amendment of the 1987 Constitution. According to Concepcion, to amend the Constitution, Congress will have to convene into a constituent assembly.

Civilians Reportedly Used as Shields by Rebels

HK0803103590 Manila PHILIPPINE DAILY GLOBE in English 8 Mar 90 p 7

[By correspondent Ritchie Salloman]

[Text] Cagayan De Oro City—Civilians, mostly women and children, are being used as human shields by New People's Army guerrillas in an attempt to abort government assualts on a well-entrenched rebel stronghold in Barangay Lantad, Misamis Oriental, military reports reaching Camp Edilberto Evangelista here said.

The report said communist rebels had managed to maintain offensive positions even after government troops stormed the rebel camp last February 2. The camp is believed to be the regional headquarters of the CPP-NPA [Communist Party of the Philippines—New People's Army] in Northern Mindanao.

Col. Crispino R. Piol, commander of the 403rd Infantry Brigade, said government forces had warned civilians to seek temporary shelter in a government-built evacuation center, but the civilians had refused to heed the order for fear of reprisals from the rebels.

NPA Raids in Ifugao Linked to Cordillera Polls

HK0803103990 Quezon City Radyo ng Bayan in Tagalog 0400 GMT 8 Mar 90

[Text] Congressman Wilberto Lumawig of Ifugao today reported on raids carried out by many communist rebel groups in Banaue. He learned that the raid on the army detachment in the area started yesterday and fighting continues. According to him, this could be related to the Cordillera Autonomous Region polls, which the New People's Army [NPA] is not in favor of:

[Begin Lumawig recording in English] We are relating this to the election, that the NPA's are really out to disrupt the elections. They are very much against the creation of the autonomous region all over the Cordillera. Since only the province of Ifugao voted yes, they are concentrating their efforts there. [end recording]

WB Says Nation Next 'Tiger Economy' in Asia

HK1802004490 Manila THE MANILA CHRONICLE in English 17 Feb 90 p 6

[By staff member Arleen Chipongian]

[Text] The World Bank [WB] is confident that the Philippines will be the next tiger economy in Asia as it pursues economic policies that would attract foreign investments and stabilize the domestic economy.

Ishrat Husain, chief of the debt and international finance division of the WB, said yesterday that "the economic picture in the Philippines is better compared to similarly debt-ridden Latin American countries and this trend will continue if the Philippine Government adopts favorable macroeconomic policies and avails itself of good terms on its new borrowings." He told a seminar on the debt and growth of the developing countries sponsored by the Philippine Economic Society and the Philippine Institute for Development Studies that the Philippines will shortly join the ranks of newly industrializing economies such as Thailand, Korea and Taiwan.

The WB official stressed, "the severity of the debt problem in the Philippines will become history very soon."

A debt strategy Husain commended was the veering away of the Philippines from the more expensive—and more vulnerable to world market forces—loans from commercial creditors towards the more concessional official loans. He added that in 1982, the share of the commercial loans to total external debt burden of the country was 72% while official loans only account to 28%. This year, he said, this will reach a balanced level of 50% between official and commercial loans.

He added that in 1982, the share of the commercial loans to total external debt burden of the country was 72% while official loans only amounted to 28%. This is expected to reach a balanced level of 50% between official and commercial loans this year.

Husain said the performance of the Philippine economy since 1987 has been "impressive," noting that the National Government deficit and the over-all public sector has significantly gone down while the economy posted growth rates in the last three years.

Official Says World Bank To Extend More Loans

HK2102014990 Manila Far East Broadcasting Company in English 2300 GMT 20 Feb 90

[Text] The Philippines could expect $600 million to as much as $900 million a year over the next three years from the $15 billion the World Bank has earmarked for developing countries during the period. This was bared by World Bank treasurer Donald C. Roth. In a meeting with newsmen and members of the Makati Business Club at the Philippine International Convention Center, Roth said the World Bank has ample capabilities to

assist member-countries in their search for economic upliftment assuring that East Asian countries will get their substantial part of the fund. Roth said that the World Bank does not expect a major siphoning off of the funds to Eastern European countries, saying that only an estimated $5 billion has been earmarked for the four World Bank member-nations in the area. Roth disclosed that so far the World Bank has granted the Philippines a total of 110 loans totaling over $5 billion. The World Bank official noted that the debt reduction trend among debtor nations accelerated the (?exit) of lending banks in the 1980's with the major debt reduction scheme of Costa Rica and Mexico as the most [word indistinct].

New Central Bank Governor Seeks 'Stability'

HK2002095990 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 20 Feb 90

[Text] The peso will not be devalued in the near future. This was the assurance given by new Central Bank Governor Jose Cuisia Jr after he was sworn into office by President Corazon C. Aquino. Cuisia also announced that he will not issue new guidelines on foreign borrowings, adding that there will be no big changes to the foreign debt strategy of his predecessor, Jose Fernandez Jr.

Cuisia stressed that he will focus on greater efforts to strengthen the banking system in the country.

Here is the statement by the new Central Bank Governor Jose Cuisia Jr.

[Begin Cuisia recording in English] I will also make sure that speculators do not get their way. In other words, we are for stability. That, of course, means the peso has to be valued in terms of making sure that we are competitive with regards to our neighboring countries who are also exporting similar products. But as I have said in the past, I am for stability and therefore we will ensure that, as in the past, the currency does not depreciate substantially. [end recording]

Gross International Reserves Figures for Jan

HK2002042590 Manila BUSINESS WORLD in English 20 Feb 90 p 1

[By Angelina Sy Tan]

[Text] As of end-January, the country's gross international reserves [GIR] reached $1,720.63 billion or equivalent to about one and a half months of imports, according to the Central Bank [CB]. The reserves level dipped by $604 million from the yearend total of $2.324 billion due to the fact that the Philippines had to dip into its own reserve to fund a portion of the debt buyback concluded last January 3.

The CB report said the aggregate reserves consisted of $982 million in gold holdings, $5.07 million in Special Drawing Rights, $516.47 million in foreign investments and $217.09 million in foreign exchange holdings.

The decrease in GIR may be attributed to a sharp decline in foreign investment inflows. Compared to the previous year's January level of $642.11 million, foreign equity remittances decreased by 25.96%.

The last time the Philippines had massive foreign investment inflows was in 1987 when for the first eight months the average equity injections from overseas amounted to $1.253 billion.

Gold holdings, on the other hand, also went down by 13.32% from the same month of the previous year.

Monetary authorities are hopeful the country's reserves will inch back up to its margin of comfort, which is three months worth of imports, as soon as the new money agreement with commercial creditor banks is completed at month's end.

Deficit in 3d Quarter External Deals Reported

HK2002042790 Manila PHILIPPINE DAILY GLOBE in English 20 Feb 90 pp 10, 11

[Text] The country's overall external transactions (inclusive of rescheduling) during the third quarter of 1989 yielded a deficit of $157 million, a significant reversal from the $13 million surplus recorded in the comparable period in 1988. The year-on-year contraction emanated from the substantial weakening of the current account which more than neutralized the improvement in the non-monetary capital account. Without rescheduling, the overall BOP [Balance of Payment] deficit would have climbed to $349 million.

The substantial increase in the current account deficit to $431 million during the third quarter of last year from $151 million in the previous year resulted from the much higher merchandise trade gap and lower net transfers.

Exports at $2,036 million continued to move upwards although its acceleration this quarter (by an annual rate of 8.0 percent) was lower than its rate of expansion during the second quarter (15.1 percent).

The most notable increases in earnings came from garments as demand from both quota and non-quota markets expanded, while shipments of electronics climbed by $67 million in response to improved global demand for transistors, micro-circuits, and semi-conductor devices. The favorable investment climate likewise contributed to the improved performance of these two commodities.

Other commodities which posted appreciable increments were chemicals ($17 million), machinery and transport equipment ($15 million), and other manufactures ($14 million). Such increases mitigated the slowdown in earnings from coconut oil, shrimps and prawns, lumber, plywood, copper concentrates and copper metal due to lower world prices and/or volume shipments.

Meanwhile, imports grew by 21.3 percent to $2,763 million as domestic economic activity remained strong. All major categories of imports exhibited uptrends.

Almost two-thirds or $309 million of the gain in imports were accounted for by raw materials and intermediate goods, particularly manufactured goods such as iron and steel, textile yarns and fabrics, crude inedible materials, embroideries, chemical compounds, and wheat.

There was also a significant rise in capital goods to $602 million following the upsurge in the purchase of power generating and specialized machines, telecommunications equipment and electrical machinery.

Mineral fuels and lubricants similarly increased to $316 million in response to higher volume arrivals and increased prices of petroleum crude to $16.18 per barrel during the third quarter of 1989 from $14.02 per barrel during the same period in 1988.

Consumer goods also expanded to $265 million due to higher arrivals of passenger cars, motorized cycles and miscellaneous manufactures as well as of food items.

The non-merchandise trade account netted a surplus of $139 million this year compared to only $4 million a year ago. Underlying this favorable development was the 33.5 percent increase in invisible receipts to $1,208 million as disbursements rose by only 18.6 percent to $1,069 million. The expansion in receipts could be traced partly to availments from the Economic Support Fund from the U.S. government which rose from only $3 million in 1988 to $129 million during the review period.

Operating expenses of multinationals in the country also climbed by $82 million to $181 million this quarter.

Other accounts which registered notable increments were: interest income, following the uptrend in foreign interest rates; withdrawals of 343/547 deposits in pesos; workers' remittances, as the number of deployed contract workers grew from 110,428 to 129,812; and commissions and fees.

Invisible outlays, on the other hand, advanced to $1,069 million from the previous year's level of $901 million.

The bulk of the increase was traced to investment expense and freight and merchandise insurance which grew to $673 million and $204 million, respectively.

Interest expense—which accounted for 57.8 percent of total outlays this year in contrast to last year's 52.7 percent—expanded on account of higher foreign interest rates, while payments for freight and merchandise insurance rose following the expansion in merchandise imports.

Increases were also posted in government expenditures as well as in commissions and fees. Disbursements for other transactions such as travel, other transportation, non-merchandise insurance and personal income were more or less similar to the previous year's levels.

The transfers account reflected a net inflow of $157 million, 33.5 percent or $79 million lower than the previous year's level. Behind this development were the lower inflows of aids/grants from the U.S. (by $29 million) and other foreign governments such as Japan and Canada, as well as of personal remittances (by $21 million).

The non-monetary capital account posted significantly higher net inflows of $207 million, 102.9 percent higher than the previous year's level of $102 million, primarily as a result of the strengthening of the foreign investments and medium-and long-term (MLT) loan accounts. A net inflow of $30 million was recorded in the MLT loan account in sharp contrast to the $35 million net outflow recorded a year ago as the contraction in payments outpaced the drop in loan availments. The former declined by 17.2 percent to $452 million during the review period while the latter declined by 5.7 per cent to $482 million.

Availments of loans in the pipeline rose to $62 million last year from $39 million during the same period in 1988, primarily owing to higher inflows from the ADB [Asian Development Bank] and the IBRD [International Bank for Reconstruction and Development].

Similarly, new money that came in during the quarter rose by $200 million over 1988's $100 million. Accountable for this expansion was the increase in availments from bilateral and multilateral sources. As in the previous year, no new money was obtained from commercial banks.

Meanwhile, MLT loans deemed rescheduled during the review period at $192 million were lower by 48.4 percent. Of this amount, $100 million were owed to foreign commercial banks and the remainder, to the Paris Club.

The short-term capital account weakened considerably as net outflows increased elevenfold to $151 million this quarter from only $14 million in 1988 following expanded net repayments under the Trade Facility.

In contrast, net foreign investments at $278 million rose by $53 million, helped by higher inflows of portfolio investments—which grew by 661.9 percent to $160 million—and reinvested earnings.

These favorable developments more than offset the impact of lower debt conversions and decreased inflows arising from bank inter-branch operations as well as of the higher amount of capital withdrawn from the country.

Meanwhile, a $3 million revaluation gain was realized during the quarter as a result of debt reduction/conversion schemes. This was in sharp contrast to the $25 million revaluation losses recorded in the same quarter in the previous year.

NDF Denies Government Claim of Economic Growth

HK2602114990 Manila THE MANILA TIMES in English 25 Feb 90 p 2

[Text] The Aquino government marks its fourth year in power today deep in economic and political crisis and a failure in delivering on its promises, instead plunging the nation into a worse crisis than when it assumed power, the National Democratic Front [NDF] in Central Luzon said yesterday.

"Kay lakas ng loob ng rehimen na magyabang na napaunlad nito ang ekonomya ng bansa. Pilit nitong pinagtatakpan ang katunayang sa apat na taon nito sa poder naging mas matarik ang pagbagsak ng ekonomya ng bansa [How bold the regime is in boasting of economic progress. It is trying to hide the fact that the economy has plunged ever further in its 4 years in power]," the statement said.

The National Economic Development Authority had said in November that the gross national product last year was between 5.8 percent to 5.9 percent and that it will jump this year to 6.2 percent. [sentence as published] The NDF however claimed in their statement sent to the TIMES that to 5.5 percent compared to 6.5 percent in 1988. [sentence as published] The real GNP this year is expected to drop to 3.5 percent. [sentence as published]

Despite the seeming return of the economy to normalcy after it was ruined by the December 1 putsch, the front claimed that the Aquino government could hardly leap from the 14 percent inflation rate from the 14 percent inflation rate and cited the devaluation of the peso to P22.60 to a U.S. dollar last month. Trade deficit last year has also increased to $2.5 billion.

The unabated devaluation of the peso, according to the NDF will in turn affect adversely the payment of the country's foreign debts which reached $32 billion. It claimed that for every centavo that the peso is devalued, the country increases its foreign debt by P320 million.

The Aquino government on the other hand has done "superficial" solutions to the worsening economic crisis. Among them is the imposition of onerous taxes on the people. The NDF said that 27 percent of the income of the people go to the payment of taxes.

The government has also tried to earn dollars by encouraging an export-oriented economy. In fact, 15 percent of the country's agricultural products are exported. "Pilit binabawi ng rehimen ang netong depisit sa kalakalan sa pagpapalaki sa export, kaya iniluluwas na ngayon maski yaong isusubo na lamang ng mamamayan [In trying to make up for the trade deficits, the regime has taken to exporting items needed to feed the people]," the communist umbrella group added.

Thailand

Government, Cambodian Troops Clash at Border

BK0703145590 Hong Kong AFP in English 1422 GMT 7 Mar 90

[Text] Bangkok, March 7 (AFP)—Thai and Cambodian Government troops clashed briefly on Wednesday [7 March] near an illegal black market on the border just south of the Cambodian township of Poi Pet, a Thai army officer said. At least three Cambodian soldiers were injured, he said.

The incident occured late in the morning when a group of Cambodian soldiers entered the black market inside Cambodia to demand "protection money" from Thai and Cambodian traders, an officer with the Thai Army's Burapha Task Force said. Thai paramilitary rangers had urged the Thai traders to return to the Thai side of the border, the officer said from the Thai border town of Aranyapathet and opposite Poi Pet.

The black market, under the control of Phnom Penh government troops, is just across the border from the Thai village of Khok Sabang, some 15 kilometres (9.3 miles) southeast of Aranyapathet.

The officer said the Phnom Penh soldiers fired several rounds of rocket-propelled grenades at the ranger checkpoint on the border, prompting the rangers to return fire. At least three Phnom Penh soldiers were injured.

Immediately after the three-minute clash, a large contingent of Cambodian soldiers from a garrison in Poi Pet were dispatched as reinforcements and took up positions along Khlong Phrom-Mahot border canal, the officer said. The Thai rangers were later reinforced by a Border Patrol Police (BPP) unit equipped with two V-150 commando armoured vehicles, he added. Senior Thai army officers from the Burahpha Task Force later crossed over to Poi Pet to hold talks with Cambodian commanders, the officer said, adding that Thai and Cambodian troops were withdrawn from their positions.

Senior army officers were quoted as saying that they would order troops to "seal" the border leading to the black market because it has been a "trouble spot" for both countries for a long time. Thai border district officials said in January that four Thai rangers and two Thai villagers were arrested by Phnom Penh soldiers at the black market and held hostage. The Cambodian soldiers had demanded that they be exchanged with four Cambodian soldiers who were arrested by Thai border authorities after having illegally intruded into Thai territory. In February, Cambodian soldiers controlling the black market arrested and looted 13 Thai traders of their money and valuables, the officials said.

Officials Comment on Neutral Camps for Cambodians

BK0803004990 Bangkok BANGKOK POST in English 8 Mar 90 p 2

[Text] Thailand's proposal for neutral camps to hold displaced Cambodians is meant to smoothen their voluntary repatriation, Government Spokesman Suwit Yotmani said yesterday. Clarifying Premier Chatchai Chunhawan's initiative at the Cabinet meeting on Tuesday, Dr Suwit said Thailand has no policy to force out displaced Cambodians.

Between the major dry season offensive in 1984, up to last month, 297,397 Cambodians regarded as illegal immigrants had fled to Thailand. They live in various camps assisted by the United Nations Border Relief Operation (UNBRO). Of the total, 60,793 are housed at Site B, Surin, controlled by the Sihanoukist faction; 148,996 at Site 2, Prachin Buri, and 8,838 in Suk San, Trat, both under the Khmer People's National Liberation Front, and 65,146 in three areas under the Khmer Rouge—22,780 in O'Trao, Si Sa Ket; 33,629 in Site 8, Prachin Buri and 8,737 at Site K in Trat. Another 13,520 form the so-called independent group living in Ban Banthat and Khao I-dang under the care of the United Nations High Commissioner for Refugees.

The Premier proposed the neutral camps, funded and supervised by the UN, as a solution to the problem following reports of rampant crime and human rights abuses in eight border camps, the spokesman said. "The Prime Minister's initiative includes first, setting up neutral camps under the UN, of which details are yet to be worked out with the world body. Secondly, Thailand would not obstruct the Cambodians' wish, regardless of their political affiliation, to return home and the neutral camps would facilitate their trip," he said.

General Chatchai told the Interior and Foreign ministries, the Supreme Command and the National Security Council to examine the possibility before forwarding the proposal to the UN. NSC [National Security Council] Secretary-General Suwit Suthanukun said these government agencies will meet as soon as possible.

The Prime Minister's proposal, he said, is in the interests of Thailand in that it wants displaced people to leave now the situation is secure to the extent that resistance leader Prince Norodom Sihanouk recently returned to live permanently in Cambodia.

It is understood neutral camps will be located in Thailand, to prevent the problem of political factions claiming control over the people, he said. "If the neutral camps are in Cambodia, then it is outside Thai concerns," he said. Mr Suwit said he sees no problem with UN assistance for neutral camps, because the UN already supports camps which house displaced Cambodians.

Meanwhile Armed Forces chief-of-staff Sunthon Khongsomphong said yesterday that Thai border authorities would make sure Cambodian refugees living in Thai border camps are not recruited to fight battles inside Cambodia by the Khmer Rouge or any other resistance groups. Gen Sunthon said at the moment it seems difficult to find a suitable location to build neutral camps that would have facilities to train Cambodian refugees in doing odd jobs before their return home. The Khmer Rouge, Gen Sunthon said, should not be allowed at any cost to recruit civilian refugees from camp inside Thailand no matter how influential they are. However, he said, the idea of setting up neutral camps would be further discussed after the Prime Minister returns from his European tour.

Gen Chatchai led a 60-member delegation, that includes Commerce Minister Subin Pinkhayan and Prime Minister Office's Minister Suphatra Matsadit, to Belgium and Denmark last night. The Prime Minister is scheduled to return on March 14.

Prime Minister Chatchai Leaves for Belgium

BK0803020290 Bangkok Domestic Service in Thai 0000 GMT 8 Mar 90

[Text] Prime Minister General Chatchai Chunhawan, accompanied by his wife and party, left Bangkok at about 2230 [1530 GMT] last night [7 March] for visits to Belgium, Denmark and the United Kingdom—the first of which is Belgium.

According to today's itinerary of the visit, the prime minister will hold consultative talks on official business with Belgian Prime Minister Wilfried Martens and the president of European Community Commission, Jacques Delors. He is also scheduled to meet with leading Belgian businessmen.

Officials Discuss Upcoming APEC Meeting

BK0303053090 Bangkok THE NATION in English 3 Mar 90 p 2

[By Peter Maitri Ungphakon]

[Text] As senior officials from 12 countries prepare for next week's meeting in Singapore on Asia Pacific Economic Cooperation (APEC), Thai Foreign Minister Sitthi Sawetsila repeated yesterday that Thailand and ASEAN still want time to assess the merits of persisting with the efforts.

His comments were made at a conference where participants also heard a senior United Nations economist warn that unless least developed countries in the region were included, APEC would become an elitist organization serving the self-interests of its members rather than the region as a whole.

Diplomats say next week's meeting of senior officials in Singapore will concentrate on drafts of a work programme for five or six topics of regional economic cooperation. Australia, for example, has offered to be "lead manager" of a project that would explore opportunities for energy cooperation. The work programme,

the outcome of APEC's first ministerial meeting in Canberra last November, will be considered when APEC's ministers reconvene in Singapore in June or July.

In Canberra, the ministers agreed to review data on regional trade and investment; to examine possible ways to improve trade, investment and technology transfers; and to study opportunities for greater cooperation in specific sectors such as energy, resources, fisheries, the environment, trade promotion and tourism. They were careful to avoid suggesting that APEC would form a new trade bloc.

Also likely to be discussed next week is a possible expansion of APEC's membership. The present 12 participants comprise the United States, Canada, Japan, South Korea, Australia, New Zealand and the ASEAN six. Suggested new members include China, Hong Kong, Taiwan, Chile, Mexico and the Soviet Union. All are controversial. Yesterday, ACM [Air Chief Marshall] Sitthi said Thailand believes that while expansion could be open to discussion, APEC should for the time being stick to its present 12 members. "It remains to be seen if ASEAN's fear of economic or political domination by the larger economies in APEC will be dispelled and if it would work for the common benefit of all participants," Sitthi said. "That is why ASEAN will go along with the early implementation of some priority projects in the programme so as to allow for an objective assessment at this exploratory stage on whether APEC would operate for the prosperity of the region as a whole."

The minister was giving the keynote address for a conference on Cooperation in Asia and the Pacific organized by Thammasat University and the Foreign Ministry's International Studies Centre and sponsored by the Japan Foundation. His cautious comments were echoed later in much stronger terms.

In a speech prepared for the conference's dinner meeting last night, Dr Thanat Khoman, a former foreign minister and deputy prime minister, blamed the United States in particular for the failure to establish genuine economic cooperation in the region. "Only lip service is paid to cooperation, while performance reflects a different picture. In fact, a kind of Dr Jekyll and Mr Hyde game is being played, to the dismay of all those who wish to see progress in real cooperation," Thanat said. He described Washington's actions, including those against Thailand under the US Omnibus Trade Act and the rice subsidies of the Farm Act, as a "Machiavellian scheme" that has cast a "great deal of gloom over the future progress" of regional cooperation. The outcome could be "jungle law where might is right," he warned.

Earlier, senior economist at the UN Economic and Social Commission for Asia and the Pacific Dr Chee Peng Lim warned that unless APEC includes South Asian countries and other poorer economies in the region, it will be regarded as an elitist club ignoring the overall well-being of the region. He took seriously the possibility that APEC could "fall into the trap" of becoming a trade bloc, and suggested the group should be modified in order to be more constructive.

Foreign Minister Sitthi, meanwhile, stressed ASEAN's desire to play a pivotal role if the group sets up a secretariat or other form of institution. At present APEC consists only of rounds of exploratory meetings. "Some participating countries suggested that APEC should be able to operate more effectively under an independent mechanism outside the framework of ASEAN," he noted. "But ASEAN believes when the time for institutionalizing APEC comes, a modified existing ASEAN mechanism would best provide a suitable and effective structural basis for APEC." He repeated the suggestion that ASEAN's formal and regular dialogues with the other present members of APEC would be an appropriate institutional mechanism. Sitthi stressed that "without ASEAN's contribution and participation, APEC would not be able to operate as a truly regional economic cooperation grouping."

For a time, next week's meeting of officials in Singapore was in jeopardy because of Malaysian concerns that ASEAN might be overwhelmed by its larger partners. However, the concern was eased at an ASEAN meeting in Kuching, late last month.

Thailand's representation at APEC meetings has been transferred from the Foreign to the Commerce Ministry. But there were no Commerce Ministry officials among the panellists and participants at yesterday's conference.

The morning session was devoted to overviews of international political and economic conditions, with Sitthi and several political scientists describing the move towards regional cooperation as part of a thaw in international political tensions. In the afternoon, the climate for trade, investment and technology transfer was discussed, with participants expressing diverging opinions as to whether APEC was a response to increased economic tensions or to the closer economic ties that are already development. [as published]

Several economists predicted that the four Asian newly industrializing economies could not sustain annual economic growth rates of close to 10 per cent. While they still regarded the region as one of the most dynamic, they suggested that the opportunities for countries such as Thailand and Malaysia to follow the paths of their more advanced neighbours remains an open question.

Most agreed that closer ties between East and West Europe was causing uncertainty in the Asia Pacific region. Dr Charles Pearson, professor of economics at Johns Hopkins University in the US and currently visiting professor at Thammasat University, said that present evidence suggests the formation of a single European Community market by the end of 1992 would benefit Asian economies because European growth will enhance trade. But the changes in Eastern Europe will have more profound effects both positive and negative, he said.

Overall, Pearson did not think global economic tensions were worsening. In the United States, for example, "by and large, protectionism ebbs and flows," he said. Therefore, he recommended that APEC's cooperation should stop short of exchanging preferential tariff concessions among its members to the exclusion of outsiders.

Burmese Border Forces Release 70 Thai Workers

BK0203013990 Bangkok THE NATION in English 2 Mar 90 p 2

[Text] Mae Hong Son—Burmese soldiers have set free 70 Thai logging workers whom they captured during their battle against Karen rebels last Saturday [24 February], border sources said yesterday. The workers, employees of the Union Par Co, which is concessioned for logging in Burma, were released Wednesday morning and immediately crossed the Thai-Burmese border to Mae Hong Son, said the sources. The Burmese troops captured the workers at the firm's logging camp opposite Mae Hong Son last Saturday and seized one tractor and three elephants. the Burmese took the workers with them about 30 kms deep into the Burmese soil before freeing them, according to the sources. The Burmese also returned the tractor and elephants they seized to the company after they freed the 70 workers, none of whom was harmed during the detention, said the sources.

Thai logging companies concessioned to fell trees in Burma were forced to suspend operations for more than one month after the Burmese army intensified its offensive against minority rebels late last year. Logging in some concessioned areas opposite Mae Hong Son and Tak provinces, however, resumed after the Burmese troops' seizure of the rebels' strongholds and some concessionaires had restarted towing logs from Burma into Thailand.

Commentary Examines Need for New Foreign Policy

BK2602011590 Bangkok THE NATION in English 26 Feb 90 p 8

[Commentary by Suthichai Yun entitled: "Do We Have a New Foreign Policy?"]

[Text] Where does Thailand stand in the wake of the epoch-making changes in international scheme of things? Have we worked out a new set of policy priorities as the US and the Soviet Union talk about reducing their military presence in Asia—and suggestions that as Soviet power retreats in this part of the world, China and Japan may be poised to become the new regional powers?

If the Foreign Ministry has in fact come up with some new thinking on these crucial issues, we haven't heard about it. In fact, there is a conspicuous absence of a public debate on the new rules of the world political game. The House Committee on Foreign Affairs has little to say in way of taking initiatives to prod the Foreign Ministry to tell the Thai public just how we view this new fast-changing developments.

Yes, we have been treated to some highly-publicized mediating by Thai leaders to get Prince Norodom Sihanouk and Hun Sen of Cambodia to thrash out their differences all right. And that's a laudable effort, no doubt, although one suspects that it was more of a publicity stunt than negotiation on substance. But there is more to Thai foreign policy than just Cambodia.

The world is at a crossroads—and the recent visit here by the Soviet Prime Minister Nikolay Ryzhkov underlined the new Moscow's foreign policy at work. US Defence Secretary Dick Cheney's recent two-week tour carried a significant message: Washington may not believe the Cold War has finally come to an end and that US troops are here to stay. But its military presence in the region will never be the same again.

The Soviet Union has started to remove much of its air forces from Cam Ranh Bay in Vietnam and has begun withdrawal of its troops from the Sino-Soviet border—but a senior US defence official declared last week that Moscow had in fact replaced the troops and jet fighters with more sophisticated weapons. Fewer ships but more missiles. Old jet fighters have been replaced by the latest generation of aircraft.

What are we to make of these? The US defence secretary was talking to Japan, South Korea and the Philippines about plans to pull out about 10 per cent of the 120,000 US troops deployed there but he also stressed the importance of keeping the US bases in the Philippines and pursuing talks with Singapore on arrangement for an increased presence of US navy ships and air force planes there.

Suspicions among the superpowers have definitely not evaporated. China obviously doesn't see eye to eye with Mikhail Gorbachev in the dismantling of communism and Beijing is in fact expected to intensify its ideological push. North Korea hasn't shown signs of being more accommodating—and as Cheney said in Tokyo last week: there has been no equivalent change in Asia to the collapse of the Warsaw Pact in Europe. US forces, he reiterated, have a role in Asia beyond fighting communism.

But US Congress may not be impressed. Cheney's East Asia Strategy Initiative (EASI), aimed at cutting down US forces by about 10 per cent, may not be as "easy" as the acronym suggests. Moscow has made some gestures towards reducing its military presence in the region but it is also obvious that Gorbachev has to do a lot more to create a new climate of peace in Asia and Pacific. In fact, the cold-war mentality remains very much in evidence all around.

But unless we undertake a comprehensive review of the regional and international changes, Thailand will run the risk of muddling through without a clear direction.

Sure, we have joined other ASEAN members in expressing our concern that the European Community's keen interest to rehabilitate Eastern Europe's messy

economies will divert the flows of trade, aid and investment from this region. That—and the prospects of a unified EC market in 1992—have already stirred anxiety among ASEAN members. The message came out loud and clear from the ASEAN foreign ministers to their EC counterparts in Kuching, Malaysia, during their parley last week.

But Malaysian Premier Mahathir Mohamad might have sounded too much like an alarmist when he declared: "The potential is there for an inward-looking and less open (European) trading group. If we add Eastern Europe as well, the EC might well do without the rest of the world." That's exactly the kind of tone and attitude the new Thai foreign policy must avoid. The Soviet Union, the EC and the United States are reacting to one another, each hoping to collect their shares of the "peace dividends." And there is nothing wrong with that, given the fact that we all have to deal with realities especially now that the beginning of the end of cold war we have been clamouring since World War II may now be approaching.

Thailand should view the changes as a positive move towards a new world order—which should bring about a more peaceful regional balance of power—a "balance of power" that does not come under the stereotyped definition coined at the height of the US-USSR confrontation.

It is clear that the Soviet Union, due in no small measure to its economic crisis, will have to join the peace process. And if Moscow has not made concrete moves in this connection to ASEAN, one of the reasons may be that the regional grouping has yet to come up with a set of specific proposals. The Big Bear is not as confident as it may appear to be. It has stumbled badly in the past and in an attempt to patch up with ASEAN, the Soviet leaders may need some clear signals from us.

Cheney did say in Moscow last week [as published] that the Soviet Union remains a serious military threat to the Pacific. We don't have to share that view. Thailand will have to develop a new, more broadbased policy if we were to enjoy part of the "peace dividends" as well.

The Thai view of a proper balance would be to keep the Soviet Union within the "new club" as a player whose role should remind the US, China and Japan that we are seriously pursuing an independent policy that will open up a dialogue with all countries.

While Washington's reduced US presence in Asia is understandable, Thailand would do well not to jump to the conclusion that this will automatically force Japan to become a regional military power. Nor should we believe the Soviet influence should disappear.

Whether or not we share the suggestion from an academic, Gerald Segal, who wrote last week in the INTERNATIONAL HERALD TRIBUNE: "As Soviet power retreats, regional powers such as China and Japan are better able to pursue their own agendas" and "...ASEAN members are loath to admit it, but a strong Soviet navy was in their interest," there are good reasons why Thailand should shape its new approach towards these powers with a vision—and realistic analysis of the problems behind each move taken by Moscow.

Should we be concerned about Japan's continuing increase in defence spending and the prospects that Tokyo may decide to rearm as the "American umbrella" is being gradually removed? The immediate, almost natural reaction would be: Yes. And everybody would promptly point to World War II memories. But even the commanders of Japanese self-defence force realize that they could never repeat the historical mistake. Thailand and ASEAN should push for an accelerated dialogue between Tokyo and Moscow on the disputed Northern islands—and insist that any military confrontation will undermine the economic growth of the region.

Having enjoyed unprecedented economic prosperity based on its "self-defence" policy for so long, the Japanese policy-makers certainly realize how dangerous a remilitarization policy would mean for them. Thailand should join other countries to remind Japan of the danger of reacting to the new world political trend with a higher military posture.

China, on the other hand, needs Thailand's support in the international forum, especially on its human rights record. We should never bend over backwards to express our sympathy with Beijing and a firm stand must be taken against the crackdown on Chinese dissidents. In this context, Thailand's new approach towards the new regional order would be to reach out and offer a "bridge" to other countries to overcome what they perceive as "unfair labelling and prejuding" of their intentions in the region. Thailand must, in the process, create the necessary credibility and status to serve that role as an informed, fair and accurate "interpreter" on the affairs among nations in the region.

The argument will continue, of course, over whether Moscow or Beijing, in the long run, is a more credible force of stability in the Asia-Pacific region. Past apprehensions over China and the Soviet Union's threats to this region's stability and the conviction that the communists would never give up its adventuristic ambitions must have been, at least partly, buried by recent events. Of course, one must always make room for reversals and history had abundant warnings for us to remain on alert.

But even our relations with Vietnam, not long ago thought to be Thailand's perennial rival who can never really patch up [as published], have taken on a new twist. And Hanoi is not immune to the changes affecting other communist countries in Eastern Europe either—if on a vastly different scale.

Thailand cannot afford to miss out on this historic opportunity which offers us a unique chance to come up with an "Asian Initiative" with a specific agenda that will stress the importance of the economic potentials of

this region to further enhance the political peace process—by reaching out to the Soviet Union, Eastern Europe, the EC, Japan, China and Indochina and give them, at this very fluid transitional period for everybody, an equal chance to prove that their new non-confrontational policies will create a new regional "balance of interests"—not "balance of power"—in Southeast Asia in particular, and Asia-Pacific in general.

Thailand may have a few old historical hangups but they are much milder in intensity and far less deep-rooted psychologically than those ingrained in many of our neighbours. The old mindset must give way to the new order of things—and we don't have to give up anything except old, entrenched fears and unnecessarily alarmist scenarios based on the old cold-war "whose-side-are-you-on?" mentality.

Banhan Rejects Reports Chawalit To Join Cabinet

BK0403020090 Bangkok THE NATION in English 4 Mar 90 p 2

[Excerpt] Satun—Interior Minister Banhan Sinlapa-acha yesterday contradicted all earlier reports when he ruled out the possibility of army chief Chawalit Yongchaiyut joining the coalition govenment after his voluntary retirement. "The newspaper reports about Chawalit joining the government were based on rumours. He did not say anything about an early retirement when I met him the other day," said Banhan, also secretary general of the Chat Thai Party.

Asked how the Chat Thai Party would react if Gen Chawalit entered politics by joining the party, the minister said the party would discuss the issue if and when the army chief made known his intention to do so.

On speculation about an imminent Cabinet reshuffle, Banhan said a Cabinet reshuffle was a "normal thing to do" to improve efficiency in administration. "It's up to the prime minister to make any adjustment to the cabinet," he said.

The minister dismissed as "yet another rumour" the press report that a group of Chat Thai MPs [member of Parliament] have proposed a constitutional amendment requiring a future prime minister to be a member of the House of Representatives. The move was seen as an attempt to bolster the position of Prime Minister Chatchai Chunhawan by edging out non-MPs from the race for the top executive post. However, the minister said the Chat Thai Party did not receive such a proposal during its last party meeting and that he didn't mind whether a future prime minister was an elected MP or not.

Commenting on the prime minister's statement that he could be the last democratically-elected prime minister, Banhan said the premier probably spoke out of frustration and tiredness. [passage omitted]

1989 Economic Expansion, Performance Examined

BK2102023190 Bangkok THE NATION in English 21 Feb 90 p 14

[By the Bangkok Bank Research Department]

[Text] The year under review will go down in history as one of those rare, albeit happy, occasions when Thailand's economic performance bested that of almost, if not all, other countries throughout the world.

Conservatively estimated at 10.4 percent, the rate of economic expansion in 1989 would make Thailand the envy of other countries, particularly those on the same level of development. This country, for instance, outperformed its ASEAN neighbours, whose economic growth was already brisk by world standards, being estimated to average 6.6 percent in 1989.

Thailand's economic expansion even outshone that of the traditional world star performers, namely the Asian NICs [newly industrialized countries], as Taiwan was estimated to record a GDP [gross domestic product] growth in 1989 of 7 percent, South Korea 7.2 percent, Hong Kong 5 percent and Singapore 8.5 percent.

In 1989 Thailand's industrial development continued to progress satisfactorily, considerably outpacing that of the country's backbone agricultural sector. The country's efforts to achieve more value added for its production were consequently successful. Moreover, going by these yardsticks Thailand was moving steadily further ahead on its way to becoming an industrialized country.

Given these favourable economic fundamentals plus political and social stability, the stock market could only go up. In fact the Securities Exchange of Thailand [SET] became the fastest growing bourse of Asia in 1989. Turnover of corporate securities soared 106 percent in volume and 141 percent in value, while the SET price index more than doubled from 386.73 at end-1988 to 879.19 at end-1989. The phenomenal growth of the local stock exchange was to a large extent driven by foreign investments, as about US$1.2 billion entered the market from abroad in the course of 1989.

All this amounted to a bright economic picture for Thailand, despite a world backdrop which became less favourable.

While a slowdown in economic expansion prevailed in most parts of the world, the Thai economy surged ahead with an estimated growth rate of 10.4 percent. Exports, tourism and investment continued to expand at high rates. Furthermore the public's purchasing power rose sharply due to high prices of agricultural products and windfall gains from sales of real estate and securities, the prices of which soared.

Very strong economic expansion led to shortages of certain products such as construction materials, animal feed and heavy trucks. In 1989 the manufacturing sector grew by an estimated 12.5 percent, with Thai goods

remaining highly competitive in the world market. Investors' confidence in the Thai economy coupled with the continued necessity to relocate production bases to countries with lower costs on the part of Japan and Taiwan, and the fact that those countries were flush with funds as a result of payments surpluses, enabled investment to continue to expand at a high rate in 1989.

Since mid-1989 inflationary pressure was on the rise, fuelled by mounting food prices and shortages of some construction materials. On an average, the consumer price index (CPI) for the whole Kingdom advanced 5.4 percent in 1989. The rate of increase was 6.2 percent when December 1989 is compared with December 1988. The CPI for food items moved up 9.7 percent. The inflationary pressure prompted the government to tighten its monetary policy towards end-1989, and liberalize imports of scarce commodities.

Rapid economic expansion likewise caused imports to increase by a large 29.2 percent. Though exports rose by a slightly higher rate of 28.5 percent, the trade account was still Bt [baht] 134.9 billion in deficit—the second consecutive year when it exceeded Bt100 billion. Tourism was buoyant, with foreign arrivals increasing 15.8 percent to 4.9 million. The current account was consequently Bt57.5 billion in deficit, equivalent to 3.5 percent of GDP. Net private sector capital inflow was exceptionally large, totalling about Bt140 billion, giving rise to a Baht 111.4 billion payments surplus. International reserves exceeded US$10 billion, equivalent to almost five months of imports.

Despite the fact that commercial bank credits expanded by as much as 29.5 percent, the money market did not tighten as much as had been anticipated, due to a large influx of foreign funds. Commercial bank deposits increased by 25.8 percent. The bullish economy enabled the government to collect more taxes than planned, rendering the government's fiscal position stronger than ever before, as the budget was Bt41.6 billion in surplus for the second consecutive year.

After three consecutive years of exceptionally high growth Thailand faced a number of problems and constraints, ranging from insufficient infrastructure to shortages of certain types of personnel. At the same time the country also faced increasing barriers to its exports to developed countries.

Though the current 5-6 percent rate of price increase is to be expected for a rapidly growing economy and is definitely not critical, steps must be taken to prevent prices from accelerating in the year to come. Besides the government should also place high priority on decentralizing development from urban to rural areas and from advanced to underdeveloped economic sectors.

With the overall economy recording a 10-12 percent growth rate and the agricultural sector only 3-4 percent, other sectors must have achieved expansion well in excess of 10 percent.

This seriously unbalanced growth, if left unattended, will lead to deteriorating income distribution between urban and rural areas, aggravating social problems associated with heavy migration from rural to urban areas. Moreover problems such as environmental pollution, destruction of natural resources and speculation in land and other immovable property, which usually accompany rapid development, may get out of hand if no proper control mechanisms are installed.

The Asian NICs and ASEAN countries should be able to achieve a high growth rate of 6.5 percent. Intensifying trade protectionism, the formation of trading blocs in some parts of the world, and a further slowdown in world economic growth are expected to lead to a lower growth in international trade, estimated at only 6.4 percent, compared with 7.6 percent in 1989. Global inflation should be moderate, as the oil price is expected to soften in line with the slackened pace of world economic expansion.

The Thai economy will continue to grow at a high rate of 9.2 percent in 1990. The agricultural sector should expand marginally by 1.4 percent due to a drop in prices of commodities and a dry spell in 1989 which will limit the cultivation of dry season crops in 1990.

The construction sector is expected to expand 11.3 percent. Private sector construction should slow down somewhat following record growth in 1989, due to ebbing liquidity and high prices and a growing shortage of construction materials particularly cement.

Exports in 1990 are forecast at Bt616 billion, up 20.1 percent. Most agricultural exports will slow down because of good production worldwide. Exports of crops and livestock will drop five percent, while frozen fishery products will increase considerably.

Non-agricultural exports will rise 27.6 percent with those of manufactured goods up 28.2 percent. Imports are estimated at Bt774 billion, growth slowing to 19.5 percent.

Inflationary pressure will be stronger in 1990 despite the government's anti-inflationary measures implemented towards the end of 1989. This is due to continued strong increase in demand, rising production costs caused by shortages of raw materials and some skilled labour, inability of many industries to expand production capacity, and the possibility of adjustment of domestic retail prices of oil products. The consumer price index is expected to increase 6-6.5 percent in 1990. If the value-added tax is implemented the index may even be slightly higher.

In its 1990 budget the government is placing greater emphasis on capital and development expenditures. Planned expenditure totals Bt335 billion, up 17.3 percent from prior year, being 17.7 percent of GDP. The capital expenditure amounts to Bt81.2 billion, up 51.5 percent, accounting for 24.2 percent of total expenditure, the highest since 1981.

Revenue is estimated at Bt310 billion, up 18.1 percent, resulting in a deficit of Bt25 billion. However as actual revenue in fiscal 1989 was as high as Bt308.9 billion, the 1990 planned revenue may have been set too low.

The Thai economy today possesses high potential and is very likely to continue to expand at a high rate if the country is able to overcome the constraints noted above. However in a highly volatile world economy Thailand must exercise extreme caution and prudence in the years ahead.

The world today is going through a globalization process, with differences in political and economic ideologies weakening. This has presented both opportunities and problems to Thailand. While the county may be able to gain more markets it will face stronger competition. Its competitiveness must consequently be raised, by promoting free competition and breaking monopolistic practices at home. Infrastructure construction must be speeded up as adequate infrastructure will contribute to our increased competitiveness vis-a-vis other suppliers in the world market. Furthermore, the country's savings must be encouraged to grow more rapidly while its technological and management capabilities have to be upgraded. If Thailand stands ready while the Asian economies are undergoing structural changes, it will be able to exploit opportunities as they unfold. This will also increase the country's bargaining power vis-a-vis overseas investors and traders, leading to the creation of industries that encourage transfers of technology and help expand markets for Thai products rather than taking advantage of Thai quotas in the world market.

In line with the very high growth rate of the Thai economy estimated by Bangkok Bank Ltd, at 10.4 percent in 1989, most major sectors of the economy performed highly satisfactorily.

Agriculture: In spite of attractive prices for agricultural products on the world market, agricultural production expanded at 4 percent as weather was not favourable. Main crop paddy production in 1989-90 was 18.8 million tonnes, up 5.6 percent on prior year when it increased by 14.1 percent. The 1989 second crop yielded 3.4 million tonnes, up 6.2 percent over prior year.

Manufacturing: The manufacturing sector continued to grow due to strong demand in both local and overseas markets. Most plants were working at full capacity and many promoted projects went on stream. Several new industries rapidly gained importance in 1989, including computers and parts, household electrical appliances, motors and mechanical equipment.

Mining and quarrying: Overall production in this sector expanded in response to high demand for construction materials. But production of tin fell 6.6 percent in the first 11 months of 1989, zinc 1.8 percent in the first 10 months, and petroleum production fell due to the closure of the gas separation plant for repairs.

Price level: In 1989 the price level rose 5.4 percent compared with 3.8 percent in the previous year. Prices of food items, particularly rice and meat, went up markedly. The PPI [expansion unknown] went up only 4.6 percent compared to 8.2 percent in 1988 when prices of agricultural products strengthened sharply. Last year, prices of construction materials increased considerably due to the construction boom.

Investment: In 1989 investment continued to expand at a high rate, but slower than in the same period of prior year, and more investment has been taking place outside the capital. The private sector investment index stood at 144.5 in November 1989 compared with 169.3 in the same month in the previous year.

With regard to foreign investment in 1989, Japan's share in the registered capital in projects applying for promotional privileges dropped to 34.3 percent from 35.2 percent, and Taiwan's to 13 percent from 15.9 percent. That of Hong Kong however rose to 8.2 percent from 2.7 percent and that of Korea to 3.7 percent from 1.3 percent.

Government and state enterprise investment was mainly in the Eastern Seaboard and in infrastructure throughout the country.

Construction: Rapid growth in construction in 1989 led to scarcity of almost all construction materials including cement and steel rods, as sales of these two products rose more than 30 percent. Municipal area for which construction permits were issued increased 52.1 percent during the first eleven months with that for building commercial structures expanding 94.7 percent.

Foreign trade: In 1989 foreign trade amounted to around Bt1,160.7 billion, up 28.9 percent from 1988. Exports increased 28.5 percent, while imports grew 29.2 percent.

Exports were valued at Bt512.9 billion. Of the total, Bt152 billion or roughly 29.6 percent were agricultural items, up 19.4 percent. Crops and livestock exported were worth around Bt117 billion. Although export prices of such items as rubber and tapioca were lower than in the previous year, export volumes were higher. Exports of rice, in particular, rose about 29 percent in value, while those of frozen prawn and squid increased 80 and 45 percent respectively.

Manufactured exports are estimated to have increased roughly 33 percent to Bt350.5 billion equivalent to 68.3 percent of the total value of exports. Export of sugar grew about 90 percent. Manufactured products, the export value of which rose significantly, included computers and parts (122.5 percent in the first ten months) and electrical goods such as radios and TV sets, microwave ovens, refrigerators and parts and electric fans.

During the said period these four export items together earned foreign exchange worth Bt6,300 million, an increase of 1.7 times over the same period of prior year. Exports of other manufactured goods also rose in the

first ten months, including timepieces and parts (74.1 percent), ceramics (56.5 percent), footwear (35.9 percent), furniture and parts (52.0 percent), plastic products (46.8 percent), artificial flowers (41.8 percent) and toys (70 percent).

External position: The trade account in 1989 is expected to be in deficit by around Bt134.9 billion, a 32 percent increase over prior year. The net services and unrequited transfers account was Bt77.4 billion in surplus, up 28.1 percent. Tourism earnings continued to expand at a high rate and are predicted to amount to Bt97 billion. Revenue from official investments continued to expand from the previous year. The current account deficit is expected to reach Bt57.5 billion.

Bank of Thailand figures indicate a surplus of more than Bt140 billion in net capital movements. This was due mainly to large private sector capital inflows of Bt146.2 billion up 97.6 percent over prior year in the form of loans and direct and portfolio investments. The balance of payments was in surplus at around Bt111.4 billion. International reserves stood at US$10,509 million, while the debt servicing ratio dropped from 12.9 percent in 1988 to 11.0 percent in 1989.

Finance: In 1989 the commercial bank credit/deposit ratio, was 98.9 percent compared with 96.2 percent in prior year. Despite high growth in bank credit at around 29.5 percent, liquidity in the commercial banking system remained adequate due to a large inflow of funds.

Interest rates however increased considerably as the government in June abolished the ceiling rate on fixed deposits with maturity exceeding one year. The prime rate was also upped from 12 percent to 12.5 in July and to 13-13.5 percent at year's end.

Commercial bank deposits at the end of 1989 amounted to Bt1,116.5 billion, an increase of Bt229.3 billion or 25.8 percent over the previous year when deposits expanded only 18.8 percent. This remarkable increase was due to many factors, including strong economic expansion, keen competition bidding up commercial bank deposit rates and a marked increase in the inflow of funds to the private sector.

Commercial bank credit aggregated Bt1,105.0 billion, up Bt251.4 billion or 29.5 percent from prior year as a consequence of strong expansion in investment and continued high growth in foreign trade. Nonetheless, credit demand was weakened to a certain extent by greater access of large-scale customers to foreign sources of funds as the government waived the withholding tax on interest on long-term foreign borrowings between March 1989 and February 1990. Active fund mobilization by major corporations via the securities market also worked against commercial bank credit extension.

Public finance: In fiscal 1989 (Oct '88-Sept '89) the government's fiscal position was very firm. The budgetary surplus amounted to Bt41.6 billion as revenue forwarded to the Treasury was Bt308.9 billion, up 25.8 percent while expenditure was Bt267.3 billion, up 11.5 percent. Treasury reserves at the end of September recorded a high of Bt61 billion.

Revenue: Government revenue increased markedly from prior year amounting to Bt315 billion, up 25.9 percent. The sharp rise resulted from high tax collection, particularly business and import taxes, which totalled Bt65 billion and Bt68.9 billion, respectively. Corporate income tax moreover rose satisfactorily to about Bt38 billion, up 40.1 percent from the previous year. Tax collection enhanced significantly due to expansion in imports and corporate earnings.

Expenditure: Budgetary disbursements totalled Bt267.3 billion, up 11.5 percent compared with a 6.9 percent rise in the previous year. The difference was mainly caused by the civil servants' salary increase in January 1989. Other expenditures rose slightly. Earlier in the year budgetary funds including those for equipment, land and construction were not fully disbursed.

Securities market: After market corrections in the first quarter of the year, the price index rose sharply, passing the 500 point mark at the end of April to close at 879.2 points at the end of December. This dramatic increase resulted from various factors, including highly satisfactory operational results of listed companies, bright prospects of the Thai economy and growing interest of foreign investors in the market.

Turnover of securities in 1989 amounted to as many as 3,253.9 million shares valued at a historical record of Bt377 billion, up 1.1 and 1.4 times, respectively, from prior year. Daily share transactions averaged Bt 1,500 million rising to over Bt2,000 million towards the end of the year.

Securities turnover however was less active at some short intervals due to the market corrections early in the year, the New York market downturn and anticipation of the introduction of a capital gains tax.

Despite the large increase in the number of listed and authorized companies to 170 including four investment units managed by the Mutual Fund Co Ltd, the amount is still too small to satisfy the demand of investors both at home and abroad.

Vietnam

TV Interviews Hun Sen on Jakarta Meeting

BK0703133090 Hanoi International Service in English 1000 GMT 7 Mar 90

["Excerpts" from interview with Hun Sen, chairman of the Council of Ministers of the State of Cambodia, by Vietnam Television on the recent Informal Meeting on Cambodia in Jakarta; date, place not given—with portions recorded in Cambodian fading into English translation]

[Text] Evaluating the IMC [Informal Meeting on Cambodia] results, Chairman Hun Sen said:

[Begin Hun Sen recording] It cannot be affirmed that the meeting was a success or failure. This time, all sides attended the meeting at the proposal of the Australian foreign minister. The meeting was a significant success in its content, but the deadlock of the meeting was due to the Khmer Rouge, who used the right to veto the meeting's document. [end recording]

Chairman Hun Sen attributed the meeting's failure to reach any agreement to the Pol Pot clique.

[Begin Hun Sen recording] At the IMC, the stand of the Government of the State of Cambodian made much progress as compared to that at the Paris international conference on Cambodia. The state of Cambodia accepted the Australian foreign minister's proposal on the UN role in supervising the implementation of the international agreement on Cambodia and organizing a general election in the country. The Cambodian Government has prepared to discuss the UN concern to a provisional (?civil) administration. This does not mean that the State of Cambodia accepts the abolition of the government and its structure, but the State of Cambodia has considered the level of UN participation to ensure the security and safety for the two governments during the election process in Cambodia. [end recording]

Meanwhile, he added, at the IMC (?forum), the other side demanded the dissolution of the two governments to set up a four-party government. They even rejected the issues which have been agreed upon at the Paris international conference on Cambodia. Almost all participants agreed with the formula proposed by Australian foreign minister, except Khieu Samphan—representative of the Khmer Rouge. He [not further identified] maintained that it is an experience in solving the Cambodian issue. He affirmed that the war will be prolonged if the Khmer Rouge has the right to veto the issue concerning a solution to Cambodia. At present, Chairman Hun Sen stressed, the world people and the Cambodian people are demanding that the participants to the meeting show their unequivocal attitude to the genocidal clique, and this is the most important because the Pol Pot clique is the main obstacle.

Further Commentary on Meeting in Jakarta

Results Assessed

BK0703143590 Hanoi Domestic Service in Vietnamese 0015 GMT 4 Mar 90

[Commentary by Duy Thinh: "Do Not Let the Genocidal Clique Destroy the Chance of Resolving the Cambodian Problem"]

[Text] After the conclusion of informal meeting on Cambodia (IMC), there have been different comments and assessments. Some views hold that the Jakarta meeting has failed and want to blame all parties concerned while others say that although a joint communique could not be passed, the participants in the meeting had discussed many issues. How do we see IMC? What is the true problem?

First of all, IMC differs from JIM-1 and JIM-2 [first and second Jakarta informal meetings] and the Paris international conference on Cambodia. The IMC took place when Vietnam had withdrawn all its troops from Cambodia and had proposed a series of reasonable initiatives to resolve the Cambodian problem. Particularly, the State of Cambodia's readiness to accept the UN role in resolving the Cambodian problem has been welcomed and has been highly assessed by world public opinion as a major concession.

Other forums such as the conference of the five powers—the United States, the Soviet Union, China, France and Great Britain—and the sixth round of the Hun Sen-Sihanouk meetings in Bangkok have supported each other and have asserted that the process of resolving the Cambodian problem is irreversible. In such a setting, the IMC has agreed with Australia's initiative to overlook the two issues that bogged down the Paris conference, namely the dissolution of the two current administrations in Cambodia and the establishment of a provisional coalition government of Cambodia, and to directly discuss measures to attain the three main objectives of a political solution to the Cambodian problem. These are to implement the Cambodian people's right to self-determination through a truly free and fair general election sponsored by the United Nations, to ensure Cambodia's independence, neutrality, unity and sovereignty in the framework of a peaceful, free and neutral Southeast Asia, and to withdraw all foreign troops and to prevent the return of the genocidal regime. So, all the issues discussed and unanimously agreed upon at the IMC show more progress than those of previous international conferences on Cambodia.

According to Australian Foreign Minister Evans, this Jakarta meeting has somewhat succeeded, since it has pushed the peace process a step further. However, we can clearly see some restraint because some people hold that the IMC has failed to reach a joint document. This is because of the stubborn and undermining attitude of the Khmer Rouge. Even before coming to Jakarta, Khmer Rouge radio fabricated reports that Vietnamese troops were still in Cambodia to mislead public opinion and to justify their military defeats. At the IMC, they insisted on the establishment of a quadripartite government which is to return to the Paris conference stalemate. More brazenly, the Khmer Rouge representative refused to record in the document an article forbidding a return to the policy and acts of the genocidal regime. In fact, this issue was already concluded at the JIM as well as the Paris conference and it was only repeated at the IMC. Regrettably, the cochairmen did not fully use the right given them by the international conference to decide an issue agreed upon by nearly all participating countries. Instead they let the Khmer Rouge enjoy the right to veto,

implementing an extremely irrational move just like allowing a criminal to veto a decision of the tribunal. It can be said once more that an opportunity to reach a correct political solution to the Cambodian problem has been lost while the Cambodian people and world public opinion have stressed more strongly than ever the urgency of the problem. The stubborn and undermining attitude of the Khmer Rouge has been strongly condemned. Indonesian Foreign Minister Alatas asserted with journalists that the Khmer Rouge has not changed its stance on the establishment of a quadripartite government. Australian Foreign Minister Evans asserted that the Khmer Rouge is the one who played the undermining role.

After the IMC concluded, Minister Alatas affirmed that there would be continued efforts to reach a political solution on Cambodia. We are convinced that although there still are many complications, with good will and efforts from all sides, a correct and fair solution to the Cambodian conflict would be reached because the withdrawal of Vietnamese troops from Cambodia has been settled and the remaining key problem concerning the prevention of the genocidal regime is a legitimate demand of Cambodians with which the whole world has sympathized. The important point is not to let the genocidal clique—those who have committed towering crimes against the Cambodian people—enjoy the right to veto those issues already agreed upon by the international community.

Khmer Rouge Blamed

BK0803120990 Hanoi International Service in English 1000 GMT 8 Mar 90

[Station commentary]

[Text] Prior to IMC [Informal Meeting on Cambodia], broad sections of the world public were optimistic, expecting that the meeting would bring about significant results. However, this hope in no time had yielded place to disappointment and pessimism, because until the last day of the meeting, despite heated debate, the participants still failed to reach a common document. The main obstacle is the Khmer Rouge, who deliberately undermined the conference by refusing to accede to the provisions in the document not allowing the recurrence of the genocidal regime in Cambodia. This is unacceptable, as this issue had been agreed upon at the Paris conference (?and here) at the IMC it was only reiterated. Nevertheless, the two cochairmen of IMC let the criminals have the right to veto. This is like a criminal having his right to veto the verdict of the court. There is not any law in the world allowing the criminal to veto the court verdict.

In the wake of IMC, Indonesian Foreign Minister Mr. Alatas said the participating parties at IMC argued about whether to use the term genocide or not. It is obvious that genocide is not merely a question of term but is the essence to the Cambodian issue, (?that is) the destiny of the Cambodian nation. Therefore, solving the Cambodian issue must aim to an eventual non-return to power of the genocidal Pol Pot clique. [sentence as heard] Understandably, the Khmer Rouge vetoed this question, as they are always nurturing a second genocide in Cambodia. The French newspaper LIBERATION elaborated that Khieu Samphan was compelled to come to the meeting and that the Khmer Rouge strategy—according to White House report—schemed to prolong the negotiation for two more years in order to gain control of some rural areas in Cambodia. This strategy has been drafted in close cooperation with China. Undoubtedly, it was the Khmer Rouge that sabotaged IMC and prevented the conference from reaching an official document. This reality has manifested that as long as the Khmer Rouge still has the right to veto, the Cambodian issue can never be solved.

Though IMC could not issue a document, it marked a step forward in comparison with the Paris conference. IMC has left behind the pending problems and gone straight to the two fundamental questions; that is, exercising the right to self-determination of the Cambodian people through general elections and respecting a neutral and nonaligned Cambodia. We are confident that if the Pol Pot clique strives to veto (?and is) refuted at follow-up forums on Cambodia, then this issue would be resolved in the interest and aspiration of the majority of world public.

Army Youths Contribute Opinions on Party Work

BK0703061190 Hanoi Domestic Service in Vietnamese 1400 GMT 27 Feb 90

[Essay by Trinh Thanh Phi, deputy head of the Armed Forces' Youth Affairs Section, assessing opinions contributed by armed forces youth union members on the mass mobilization work of the party]

[Text] With confidence and earnest desire, the party has never ceased to move forward in order to be worthy of the historic mandate entrusted to it by the nation—namely playing a vanguard role in leading our people's socialist construction.

Over the past two weeks, many youth union organizations throughout the armed forces have held heated debates to contribute opinions to the mass mobilization work of the party. A review of initial results—obtained from many meetings of 60 grass-roots youth union organizations belonging to various armed services—including the Air Force and Air Defense Corps, the Capital Military Region, the Military Medical Institute and the Logistics Institute, the Artillery, Engineer, Signal, Armor, and Sapper Combat Branches, the Political General Department Headquarters, the Armed Forces General Staff, the Ministry of National Defense, the Tractor Vehicle Department, the Weapons and Ammunition Department, the Military Technological Institute, Infantry Officer School No. 1, and the Politico-Military School—shows that over 1,900 opinions have been submitted in a candid and frank fashion. These

opinions truly reflect the concern of the army youths and their sense of responsibility over the blood-and-flesh relationship between the party and the people. Almost all the opinions hail the party's idea of making public the program of the CPV [Communist Party of Vietnam] Central Committee's eighth plenum for public discussion and for soliciting suggestions from the people of various strata. This serves as a harbinger for fresh changes in the party-people relationship and in the context of the party's working for the benefit of the people.

With the characters and attitudes always seen in soldiers, it can be said that all the opinions are straightforward and show a sense of responsibility to the party's motto of regarding the people as the root. Many opinions favor the program, except for its first part in which almost all units held that the details are still scanty. The aim of this part should have been directed at evaluating the results of the mass mobilization work of the party, the actual state of party-people relations, the situation regarding the people's right to mastery, and the people's confidence in the party, instead of providing a mere general assessment of the people's situation. This part, according to them, should clearly point out the reasons leading to the party's governing role as well as the role played by mass organizations in relations with the people. Only then can the understanding of the mass mobilization work of the party be complete and comprehensive.

To further clarify this part, all 60 grass-roots Youth Union organizations have the same opinion: First, talking about the party, while embarking on the renovation undertaking, the party has not strictly rectified itself. Within the party ranks, many party cadres and members have become degenerate, deviant, opportunistic, bureaucratic, and officialistic; have indulged themselves in prerogatives and special privileges; and have alienated themselves from the masses. The party has allowed this situation to continue and has not been resolute enough to purge these people in order to purify the party. One of the reasons for this procrastination is the state of deference and personal protection. Out of a fear of losing prestige, the party has been too cautious when it comes to taking disciplinary actions against party members, especially those in high positions, for their shortcomings. A painful fact to admit is that many low-level local party organizations have violated discipline but their higher echelons have taken no action for fear that cracking one egg will spoil the whole omelet and that doing so will amount to putting oneself into an awkwark situation.

Comrade Do Van Dat, cadre of the technical youth union chapter belonging to the 139th Signal General Station, and many other youth union cadres of the Institute of Military Technology and the Military Medical Institute, held that the phenomena of indulging oneself in prerogatives and special privileges within party and state organs is serious. There still exist numerous indications of a whole family capitalizing on the assistance of one of its members who holds a position. They capitalize on his assistance in many ways—housing, education, work assignment, and undue promotion at the expense of other qualified people. Cadre assignment has not been carried out according to given standards; it has been done in an undemocratic and illegitimate fashion. Incompetent cadres have been given high positions, whereas competent, conscientious, upright, and straighforward cadres have been left unused. Many government cadres and employees are continue to be bureaucratic, to alienate themselves from and bully the masses, to bring irregularities to innocent people, and to abet and protect guilty individuals, but no actions have been taken against them.

Speaking about mass organizations in general, Comrade Nguyen Trong Mung, deputy signal corps commander in charge of youth affairs, and Comrade Kieu Loan, secretary of the Army Drama Troupe's grass-roots youth union, held that in the renovation undertaking the role played by mass organizations is still unclear in many aspects. This is partly because party committees and administrative echelons have neglected their leadership, while mass organizations have created for themselves a contingent of cadres who are bureaucratic, who alienate themselves from the masses, and who indulge themselves in special privileges. Mass organizations have continued to ask the administration to exercise democracy more satisfactorily toward the masses while they themselves have violated democratic principles vis-a-vis their own members, at variance with their mass-representing function.

It is a welcome fact that almost all the opinions mentioned above offer both orientations and measures. The party must rectify itself more comprehensively and vigorously. Party committees and administrative echelons concerned must quickly conclude the cases of and appropriately deal with those party cadres and members who violate the law. At the same time, they must motivate the masses to uncover those people in the party and state machinery and in mass organizations who are degenerate and deviant in order to remove them from the party and state organs. The party's cadre-related work must be rectified and regarded as an essential and pressing task of the party. It is necessary to standardize the classifications of grades and steps of cadres and to allow the party and masses to jointly carrying out cadre-related work with a determination to promote democraticization and openess. It is necessary to consult the masses over the recruitment of truly qualified and competent people. Once a cadre no longer qualifies for a job, we must resolutely replace him with a qualified person without waiting for his term of office to expire. The party once put forth the principle that it is natural to see a cadre coming or going, being promoted or demoted. Now we should implement what the party has put forth.

To oppose the self-indulgences, prerogatives, and special privileges among those party cadres and members in influential positions, and to ensure that this work is overseen by the people, party members must make

public stipulations on standards for and systems of privileges, including conditions for housing allocations, entitled by all categories of cadres. No localities or echelons are allowed to set up a system of privileges characterized by prerogatives and special privileges. In cases where cadres abuse their power in order to secure a special favor in the allocation of housing or other privileges, it is necessary to take these things back for other uses. The people know about these special favors, but the party is still too evasive to criticize them publicly. When party cadres or members, especially those in influential positions, violate these rules, they must be strictly and publicly dealt with. Otherwise, the party's prestige will be eroded. It is nessary to consolidate the people's confidence in the party.

Regarding the management of party members, many concepts maintain that party members should be allowed to bring into full play their vanguard and exemplary role whenever possible. Party members should contribute their share to formulating rules and regulations; they should participate in activities of party chapters at their working units as well as activities of working teams in their living areas. These teams are unofficial groups of the local party committees but hold monthly meetings to discuss tasks of party members and hear local party committees give briefings on the situation of the people and resolutions of subward and ward party organizations to mobilize the local people to carry out party resolutions. Only by encouraging party members to participate in these activities will it be possible to encourage them to pay attention to the people's daily life after their office hours and to monitor the political, social security, and order situation, thus enabling them to correctly carry out party policy. Results on improving the party members' role in densely populated areas will be periodically assessed by the party chapter committees who know the local situation better than party members.

Concerning relations between party and state administrative agencies, a group of Air Force officers from the Military Science Institute proposed that the party should streamline its committees to avoid duplication of work by administrative agencies. To guarantee the people's right to democracy, state agencies should study and promulgate laws and regulations clearly defining the right to mastery of all citizens, mass societies, and social organizations. It is necessary to institutionalize work regulations for sectors, administrative echelons, and state personnel. Those who deliberately violate the people's right to mastery and arbitrarily extort the people will be dealt with seriously. Echelons of party committees and administrative agencies should periodically report to representatives of the people the results of their tasks, answer questions and settle requests made by the people, considering these their responsibility. Heads of party committees and administrative agencies must take full responsibility if these tasks are not seriously fulfilled. The party should define duties of party members who are responsible for the mass mobilization work and urge them to make regular reports on the mass situation to party chapters. At the same time, party chapters will hear the people's ideas and criticism to assess work results and the ability of party members.

Dealing with mass organization activities, all 60 grass-roots youth union organizations believe that the party draft program should define more precisely the position, role, function, and duty of mass societies and social organizations. It is necessary to systematize relations among the party, the administration, and mass organizations to effectively maintain the party leadership role, state management, and autonomy in activities and initiatives of mass organizations. The cadre-related task of mass organizations and fronts should be respected and upheld. Incompetent cadres should not be assigned to carry out mass mobilization work because they will not carry out the task effectively and might damage the party's prestige as well. Regarding this issue, grass-roots youth union organizations belonging to the army maintain that echelons of party committees should strengthen cooperation with youth union organizations to satisfactorily promote relations between cadres, combatants, party members and the masses; resolutely deal with bureaucratic and militaristic officers who damaged the cadre's good image; and strive to promote equality, democracy, and discipline in the army.

The last aspiration of youths in all units is that because the party has shown its sincere wish to let the people know and discuss this urgent and important draft program, the coming party Central Committee plenum should issue a resolution on revision of the draft that correctly and accurately reflects the people's ideas and aspirations, and that resolute and concrete measures should be taken to make the resolution a vital document. Dealing with their confidence in the vitality of the party resolution, cadres from various units believe that the party will soon ask the people to discuss and participate in activities of the Seventh CPV Congress. It is most important that the people be allowed to participate in discussing the party political program and the nation's long-term socioeconomic strategy draft plan, and that the party resolutely overcome shortcomings and strive to effectively guide the implementation of resolutions. It is believed that the people will enthusiastically carry out tasks and participate in activities assigned by the party. As a result, the party strength and the people's confidence in the party and vice versa will be increasingly consolidated.

Informal Meeting With United States Viewed

BK0703023590 Jakarta TEMPO in Indonesian 24 Feb 90 p 77

[Excerpts] Will events in Eastern Europe have an impact on U.S.-Vietnamese relations?

A four-day informal meeting attended by representatives of the two countries at the Nusa Dua Hotel in Bali last week tried to answer that question. [passage omitted]

It is true that the two sides did not trade accusations during the discussions, but the Vietnamese side believed it was the United States that continued to delay the normalization of diplomatic relations.

"The United States does not want the normalization yet," said a Vietnamese economist. "Our side has always sought the normalization, and we nearly lose hope."

The U.S. side feared that the 10-year-old Vietnam war, which became the main topic of daily conversations in America in the early 1970's, might still be viewed with bitter memories by Americans. "Besides, the Bush administration is more interested in Europe and Japan rather than Indochina," the Vietnamese economist added.

In other words, the normalization issue is still dominated by a sense of skepticism. An example can be seen from the cooperation plan between CNN [Cable News Network] and Vietnamese television. The U.S. Government has given a permit to CNN to sell its service to Hanoi, but in the end, after several considerations, CNN can only "contribute" its news items without receiving payment. A Vietnamese delegate at the meeting in Bali said the Hanoi television will provide a five-minute air time slot for CNN news in its world news bulletin at 7 o'clock in the evening. However, the plan has not yet been realized.

In fact, several obstacles toward the normalization of ties have been removed: the issue of U.S. servicemen missing in action or possibly still imprisoned in Vietnam, Amerasian children, and even the withdrawal of Vietnamese troops from Cambodia. All of a sudden, the United States put forward another requirement, namely Vietnam's role in the settlement of the Cambodian problem.

The Vietnamese delegate thought this was odd, noting that the United States should certainly know that a solution to the Cambodian problem does not depend on Vietnam alone. He said that if the United States wants a speedy solution to the problem, it should instead call on the PRC to stop support of the Khmer Rouge.

Therefore, the Vietnamese delegate came to the conclusion that "the normalization process has almost reached the finish line, but the United States moves the line further away, so Vietnam has to run a longer distance."

However, not all Americans want to move the finish line further away. There are some U.S. businessmen who want to see an early normalization of diplomatic ties. Le Mai, assistant to the Vietnamese foreign minister, said: "I have noticed a sense of impatience among U.S. businessmen who cannot wait for the day when they can open their businesses in Vietnam." [passage omitted]

However, there was also one interesting point: An important U.S. delegate "disappeared" one day before the informal meeting ended. The delegate, Charles Robb, had actually flown directly from Bangkok to Phnom Penh to hold talks with Cambodian leaders. Robb, a son-in-law of late President Lyndon B. Johnson and former marine in the Vietnam war, is now a senator from Virginia and member of the Congressional Foreign Relations Committee.

There was initial speculation that the secret mission of Senator Robb, who was accompanied by his wife, was not endorsed by the U.S. State Department, but Phnom Penh radio reported his meeting with Cambodian President Heng Samrin and Prime Minister, concurrently Foreign Minister Hun Sen on Sunday [18 February]. They discussed the future of Cambodia, the UN role in that country, and the best way to prevent the return of the Khmer Rouge. [passage omitted]

The mission of Senator Robb, who flew to Phnom Penh aboard a U.S. military plane, has generated much interest. He was the first member of the U.S. legislative branch to visit Cambodia and hold direct talks with Heng Samrin and Hun Sen. Before leaving for Phnom Penh, he managed to meet with Son Sann and Prince Sihanouk. He was also reported to have held talks with Thai Foreign Ministry officials in Bangkok. [passage omitted]

Party Members Implicated in Sex Scandal

BK0303133690 Hong Kong AFP in English 1259 GMT 3 Mar 90

[Text] Hanoi, March 3 (AFP)—A sex scandal implicating some 100 high-ranking members of the ruling Vietnamese Communist Party (VCP) has made front-page news recently in the official press here, including the party daily NHAN DAN. The inquiry began when police on February 17 closed a large brothel disguised as a restaurant on the outskirts of Ho Chi Minh City (formerly Saigon), according to NHAN DAN. It revealed that "nearly 100 executives," mainly business and government officials from all over the country, frequented the brothel that posed as the Duong Son Quan Restaurant, NHAN DAN reported. The brothel, protected by police officials in the Thu Duc District and managed by one Nguyen Thi Xuan My, was opened at the end of 1988 and employed a permanent staff of "about twenty prostitutes," the paper said.

Municipal police seized pornographic videotapes during the raid as well as invoices indicating that corrupt party officials were commiting acts of debauchery on public funds, NHAN DAN said. Party leaders appear eager to make an example of the affair in relaunching an anti-corruption campaign aimed at winning back popular support. NHAN DAN reported that Vo Van Kiet, one of six vice-premiers and a Politburo member, visited the spot February 25 to direct "the compliments of the (VCP) Central Committee" to neighbours of the brothel for their "courage" in dismantling it. "Corruption and degradation among a group of cadres and party members as in the case of Duong Son Quan would dangerously destroy our party and our state," Mr. Kiet was quoted as saying, as he called for offenders—"whatever their positions"—to be purged.

NHAN DAN, which called Saturday [3 March] in the name of openness for police to publish a list of those officials who patronised the brothel, could reveal only the names of the three who were stripped of their responsibilities following the raid. The three were: Nguyen Trung Nam, a deputy in the Ho Chi Minh City municipal council and president of the district of Thu Duc; Ngo Thanh Hiep, the director of local financial services in Song Be Province (about 60 miles north of Ho Chi Minh City); and Phan Vac Phuc, director of a state enterprise and a party member for 25 years.

Vo Van Kiet on 'Debauchery'

BK0703062590 Hanoi Domestic Service in Vietnamese 0500 GMT 1 Mar 90

[Text] On 25 February, Comrade Vo Van Kiet, member of the Communist Party of Vietnam [CPV] Central Committee Political Bureau and first vice-chairman of the Council of Ministers, met a number of cadres and party members of Linh Trung village, Thu Duc District, Ho Chi Minh City, who cooperated with the press to expose the debauched service at the Doung Son Quan restaurant. He was briefed on the history of the restaurant owned by Thanh Xuan which provided debauched services for cadres and party members, most of whom are high-ranking cadres from localities. He also heard a report on the indignation mounted by the party chapter, the administration, and people of the village. The village party chapter had proposed dismantling the restaurant; the district party committee issued two resolutions to close it down; and the city police, on two occasions, directed raids on Duong Son Quan, but all were in vain because the plans were leaked before actual operations.

Comrade Vo Van Kiet, on behalf of the CPV Central Committee and the Council of Ministers, warmly commended 33 comrades of the Linh Trung village party chapter, the local administration, and the people for their courage in correctly implementing the party and state policy. He said: Debauchery and degeneracy among a group of cadres and party members as in the case of Doung Son Quan would dangerously destroy our party and regime. Our party and state will not forgive the degenerate cadres and party members and will consider them as criminals. To commemorate Uncle Ho's birth centenary, we should strive to wipe them out, no matter what positions they hold. The more high positions the cadres hold, the more serious punishment they should receive. To protect our party and regime, we must effectively fight these criminals. Those cadres who neglected this task must be replaced. Efforts to cover this debauched practice would only harm the people's confidence. Debauchery among the cadres and party members, as in the case of Duong Son Quan, can spread easily. We must therefore promptly stop this practice. Only people of no conscience can commit acts of debauchery on public funds, especially at a time when the state has to practice thrift to implement policy toward persons who rendered meritorious services to the revolution and toward families of wounded and fallen soldiers, poor households, and so forth. After settling this case, we should consolidate the revolutionary ethics, improve the people's standard of living, and promote cleanliness in the village.

Comrade Vo Van Kiet pledged that the government will make appropriate commendations for the party organization, the administration, and people of Linh Trung village.

Army Paper Comments on Coup in Afghanistan

BK0803092090 Hanoi VNA in English 0742 GMT 8 Mar 90

[Text] Hanoi VNA March 8—Once again, we affirm the Vietnamese people's militant solidarity with and strong support to the Afghan people's just cause, stresses the army paper QUAN DOI NHAN DAN in a commentary today on the recent counter-revolutionary coup d'etat in Afghanistan.

"The victory over the March 6 coup," the paper says, "has pointed to the vital importance of revolutionary vigilance in the current complex political situations when the imperialist and other reactionary forces are pushing up their global strategy against socialism and the revolutionary movement in the world."

"We hope that the situation in Afghanistan will return to normal soon, and the government will take the country forward on the way the Afghan people have chosen." the paper concludes.

Economic Ministers on Import-Export Operations

OW2302203890 Hanoi VNA in English 0833 GMT 23 Feb 90

[Text] Hanoi VNA Feb. 23—Minister of External Economic Relations Doan Duy Thanh reported that last year Vietnam's export-import ratio was 1 to 1.3 as against 1 to 4 fifteen years ago. In 1989, the export value totalled 1,820 million rubles and dollars [as recieved], up by 80.7 percent over the previous year.

In an exclusive interview with the army paper QUAN DOI NHAN DAN, Doan Duy Thanh further said: "The export of agricultural products (raw and processed) made up 39.8 percent (42.5 percent for rice) or a rise of 119 percent over 1988. Small industry and handicraft products made up 27.5 percent up by 33 percent, heavy industry products and minerals, 19.2 percent, up by 433.3 percent (46.8 percent for crude oil) and maritime products, 9.9 percent."

He went on: "This export increase is due chiefly to the change in the managerial mechanism through the granting of autonomy to the export product-manufacturing and processing establishments. This has reduced the unnecessary intermediate levels and encouraged the unnecessary intermediate levels and encouraged the producers to increase production and marketing activities." He added that nothing has to be feared about

the competition of the export agencies provided they operate within state laws and regulations.

On the orientation for the renovation of import-export operations this year, the minister pointed to the need of streamlining the system of export-import organizations under the following principles: —to strongly encourage the producers' self-management and cost-accounting in their export-import activities and further streamline the foreign trade network by eliminating more intermediary levels.—to quickly organize export-import unions or associations according to the lines of products and on the principle of self-management.

Agriculture Ministry Discusses Production, Goals

Record Quantity in 1989

BK0203151990 Hanoi VNA in English 1458 GMT 2 Mar 90

[Text] Hanoi VNA March 2—Vietnam produced a record quantity of 21.4 million tons [metric] of food in 1989, which is also the first year the country secured a reserve of food and exported millions of tons of grains.

This was announced at a two-day conference held in Ho Chi Minh City on Feb. 27-28 under the chairmanship of Nguyen Cong Tan, member of the Communist Party of Vietnam Central Committee and minister of agriculture and food industry, to review Vietnam's food production last year and discuss its agricultural development measures for 1990.

This year, the agricultural branch plans to produce 22 million tons of food in paddy equivalent, over one million tons of pork, 64,000 tons of coffee, 35,000 tons of dried tea, 5.7 million tons of sugarcane, and 354 tons of natural silk for export. To achieve these targets, it plans to expand the total area under rice in the Mekong River Delta to 70,000 more hectares and transform 100,000 hectares so far under a single low-productivity rice crop per year for the cultivation of two rice crops per year.

Vietnam will continue to broaden international cooperation to attract more and more foreign investment in agricultural development.

Discusses Achievements

BK0603074990 Hanoi Domestic Service in Vietnamese 2300 GMT 28 Feb 90

[Text] The Ministry of Agriculture and Food Industry recently held a conference with representatives of provinces and municipalities throughout the country to review agricultural and food production in 1989, take note of past achievements, and discuss remaining problems to be resolved in the days ahead.

Our nation's agricultural production in 1989 scored great achievements. The gross production output of grain reached more than 21 million tonnes—an all-time record. Northern provinces became self-sufficient in grain, and the nation exported 1.4 million tonnes. Last year, the agricultural sector contributed to the state coffers some 240 billion dong. In 1990, the agricultural sector will strive to produce 22 million tonnes of grain and 1.2 million tonnes of meat; and plant 130,000 hectares of coffee, 65,000 hectares of tea, more than 20,000 hectares of mulberry, and 130,000 hectares of sugarcane. In addition to accelerating the production of food and grain, the sector also strengthens the food processing industry to meet domestic demands and for exports.

To Expand Cooperation

BK0403161190 Hanoi VNA in English 1449 GMT 4 Mar 90

[Text] Hanoi VNA March 4—The Ministry of Agriculture and Food Industry is executing 14 projects of cooperation with countries. This was reported at a conference held in Ho Chi Minh City recently by the ministry.

Those projects, with the participation of the Soviet Union, Poland, the G.D.R., Bulgaria, Czechoslovakia, Hungary and Cuba, are concerned with the production of vegetables, coconut oil, tea, coffee, pepper, sugar, veterinary medicines, and ducklings. Projects on development of sericulture and food grain processing with the cooperation respectively of India and Italy are under consideration. The ministry has established cooperative relations with more than 20 international research institutions such as the International Corps Research Institute for the Semi-Arid Tropics (ICRISAT) and the International Organization on Epidemics.

In 1990, the ministry will concentrate its efforts on implementing various projects it has signed with foreign countries and international organizations, and broaden its cooperation with non-socialist countries like Italy and France in cultivating and exporting vegetables, as well as processing meat and hide for export.

Last year, the ministry achieved an export value of 330.6 million rubles and dollars, including 170 million U.S. dollars for exports to non-socialist countries.

Minister Interviewed

BK2102095490 Hanoi VNA in English 0737 GMT 21 Feb 90

[Text] Hanoi VNA Feb. 21—Vietnam will have to depend on agriculture for its economic development for many years to come, particularly in the 1990's, said Minister of Agriculture and Food Industry Nguyen Cong Tan in a recent interview with VIETNAM NEWS AGENCY.

He pointed out that rice growing remains the most important economic branch and has great potentials for further development, especially in the Mekong River Delta. In the years to come, Vietnam will continue to

develop rice production so as to have substantial reserves for its large population and to provide against possible calamities, particularly natural calamities, and to boost rice export.

He said that thanks to the party's policy of renovation over the past three years, Vietnam's agriculture including food and industrial crops and animal husbandry has developed in a relatively all-round manner. Food production has made significant progress, reaching to 19.5 million tonnes in 1988, an increase of 2 million tonnes over the previous year, and to nearly 21 million tonnes in 1989 enough to feed the country's population of nearly 65 million.

In the period from 1976-88, Vietnam had to import 9.8 million tonnes of rice (about 1.1 million tonnes yearly from 1976-80), and 550,000 tonnes yearly from 1981-85. Yet, in 1989 for the first time in many years it not only got self-sufficient in food, but also exported nearly 1.5 million tonnes of rice.

Many areas specializing in industrial plants have been marked off and expanded rapidly. Compared with 1976, the first year after the liberation of the south, the area of rubber in 1989 increased by five times to 200,000 hectares, the area of coffee by six times to 120,000 hectares, the tea acreage went up to 60,000 hectares, and the coconut area to 270,000 hectares. Also last year the country produced nearly 0.96 million tonnes of livestock against nearly 0.45 million tonnes in 1980.

The government's multi-sectorial economic policy has mobilized the potentials of all sectors, state, collective, household, individual and private, and step by step broadened the forms of cooperation and investment with foreign firms.

Thanks to the policy of freedom of goods circulation in the whole country, producers can now sell their products where they see it most profitable. The government has abolished the old rigid pricing system to let the buying and selling prices regulate themselves according to the demand-supply relations on the market. Also abolished was the two-price system which is replaced by a uniform price system. The state subsidies in food supply are also abolished.

Asked about the orientation of agricultural development in the coming years, Minister Nguyen Cong Tan said that Vietnam's agricultural development will be multi-directional from an autarkical agriculture to a market-oriented agriculture, from rice monoculture to a multi-product agriculture and from an agriculture based on traditonal farming methods to an intensive agriculture based on gradual industrialization, first of all, on the modernization of post-harvest work, paddy processing and food industries. This is a qualitative change conformable with the present trend of agricultural development in the world.

To this end, and especially to turn our agriculture into an export-oriented commodity agriculture, it is necessary to have a stable market. This is also a topic of discussion between developed and developing countries in which the responsible voice of international bodies and men of conscience is playing an important role with a view to establishing an equitable economic order on the world scale.

Nguyen Cong Tan further said that Vietnam's agriculture is developing in the conditions of a poor nation. Its biggest problem now is the shortage of capital. Hence, Vietnam attaches much importance to broadening cooperation with other countries and getting more foreign investments in order to give a vigorous boost to its agriculture and quickly integrate in the internationalisation of the world economy within the framework of a rational division of labour.

Industrial Production in Hanoi on Increase

BK2602054290 Hanoi VNA in English 1523 GMT 25 Feb 90

[Text] Hanoi VNA February 25—In 1989, the industrial sector of Hanoi achieved a total export value of 17.38 million rubles, 2.15 million US dollars, and 300,000 Deutsche marks, or 32.28 percent more than 1988.

For the first time, the Giai Phong engineering plant netted 109,000 rubles from the export of drills and spare car parts. New exports from other factories included embroidered slippers and marble slabs. The sector has considerabdy invested in upgrading workshops, applying technical advances and diversifying export lines.

This year, the city plans to increase its exports by 15 percent, and broaden joint ventures with partners both at home and abroad.

Building Minister Issues Bidding Regulations

BK2202151590 Hanoi Domestic Service in Vietnamese 1430 GMT 20 Feb 90

[Text] The building minister recently issued a decision on bidding regulations in construction. These regulations stipulate the bidding scope of and procedures in construction which will be applied to all projects—funded by state budget or not—of all state-run and privately owned economic organizations and cooperatives. The regulations consist of 19 articles covering the general clauses, bidding forms, and procedures for organizing bids, offering rewards, meting out punishments, inspecting the bidding process, and specific clauses.

All the projects put out on bids must be guaranteed by sufficient funds for settlement according to the concluded contracts. The bidding prices and methods must be established on the basis of state rules governing the management of capital construction costs. In selecting the successful bidding units, all three criteria for costs, technical quality, and time for completion must be considered. The economic contracts between parties—bid-inviter and successful bidder—must define clearly the specific responsibility of each party. They must show

clearly the capital invested in the project and the amount temporarily advanced by the bid-inviter. The payment procedures must correspond with the various forms of allocating funds and the responsibility for providing materials and equipment and for making payments. Payment for the construction of those projects built through bids is made monthly depending on the construction progress at the rate of 90 percent of work completed. After the projects have been completed and accepted, the bid-inviter will pay the remaining 10 percent.

In the course of implementing contracts, in principle, the criteria set for the successful bidders cannot be changed. In case of changes in prices or consequences of natural disasters and fire and modifications of designs, the bid-inviter must report them to the next higher authorities and the professional construction management agency so that a board can be set up to consider the changes. All acts of connivence and bribery in bidding aimed at imposing and increasing prices or partially favoring a party which lead to infringements on justice, public openness, and legality, are considered acts harmful to the economy and will be dealt with in accordance with law. Professional construction management units are responsible for controlling and inspecting periodically and unexpectedly all projects being built through bids which are financed by the budget under their mangerial control.

Attached to the regulations on bids are four forms issued by the Building Ministry: 1) form to register and organize bids; 2) form to list the specifications of the project; 3) form to certify the qualifications of bidding units; and 4) form to bid for the project.

UNDP-Funded Mekong River Delta Plan Signed

BK2502034690 Hanoi Domestic Service in Vietnamese 2300 GMT 23 Feb 90

[Text] On the afternoon of 23 February in Hanoi, Comrade Tran Khai, deputy head of the State Planning Commission and Mr. David Smith, representative of the United Nations Development Program, (UNDP) signed project VA-87031 for the general development of the Mekong River Delta. This project is being financed by the UNDP for the amount of US$3.737 million and sponsored by Vietnam's State Planning Commission. The project is being handled by the World Bank in coordination with the secretariat of the International Mekong Committee.

This is a major project to create premises for establishing an overall and long-term plan for maximum development of the resources of the Mekong River Delta by determining each specific project for the general development of the entire region, assigning precedence to each project, and preparing priority projects in order to request international investments. The project is also aimed at consolidating and strengthening the various organizations charged with formulating plans and designs for the Mekong River Delta. Attending the signing ceremony were head of the State Planning Commission Phan Van Khai and representatives of the World Bank and Vietnam's concerned sectors.

Australia

Government, Indonesia Discuss Military Exercises

BK0803072890 Melbourne Overseas Service in English 0500 GMT 8 Mar 90

[Text] Australia and Indonesia have had discussions on holding exercises involving their two armies. The joint army exercises were discussed during a two-day meeting of senior defense officials which has just ended in Jakarta.

Officials of both countries expressed interest in the proposal, but it was described as a long-term hope and there was no firm timetable. It was agreed that naval exercises should be stepped up when Australian ships are passing through Indonesian waters and work will start on cooperation between the air forces of the two countries.

Australian F-18 fighter aircraft are to be allowed to stop in Jakarta on their way to Southeast Asia—a right denied to the Australian Air Force in recent years. Another Australian team will visit Jakarta later this month for talks on security for the Timor Gap oil field which is due to be jointly developed by Australia and Indonesia.

Opposition Leader Outlines Economic, Tax Reforms

BK0503091290 Hong Kong AFP in English 0815 GMT 5 Mar 90

[Text] Melbourne, Australia, March 5 (AFP)—The opposition Liberal Party pledged Monday [5 March] to trim welfare spending and to get Australia back to work at its policy launch for the March 24 general elections.

Before a gathering of his party faithful, opposition leader Andrew Peacock outlined a series of economic and taxation reforms that he said would turn the country around after seven years of "hard labor" rule.

The launch was mainly a restatement of existing policy planks in the conservatives' bid to return to power in Canberra after an absence of seven years. But Mr. Peacock also promised a one billion dollar (760 million U.S.) boost to road funding and additional money for health and the environment. Mr. Peacock said a conservative coalition government would produce a budget surplus of 2.29 billion dollars (1.73 billion U.S.) in its first year. He said the coalition's plans would be funded by a 61 million dollars (46 million U.S.) cut to social security, a 125 million (94.5 million U.S.) cut to payments to the states and increased asset sales.

Australia's national carrier Qantas Airways Ltd. and the government-owned Australian Airlines head the list of assets earmarked for privatisation. "The proceeds of privatisation sales in our first year will exceed 1.6 billion dollars (1.2 billion U.S.) which will be used to retire debt," Mr. Peacock said.

One new revenue measure was a proposal to sell a second cellular mobile telephone network licence which could bring the government 550 million dollars (416 million U.S.).

Mr. Peacock stuck by his pledge to abolish the capital gains tax introduced by Prime Minister Bob Hawke's labor goverment. "Labor has tried to claim that its tax only affects the rich, but it cannot escape the reality that millions of Australians across all income levels will be affected," he said.

Mr. Peacock reiterated that a conservative government would offer more choice in industrial relations, with employers and employees able to remain with the centralised trade union awards system or enter into a "new stream of voluntary agreements."

He said the coalition's previously released economic action plan offered a blueprint for bold economic reform as well as setting out cuts of 2.7 billion dollars (2.04 billion U.S.) in government expenditure. "The key to economic recovery is increased productivity through micro-economic reform, restructuring in the labour market and greater incentive through a flatter, more efficient tax system." He said the conservatives' goal was to bring the top rate of personal income tax (now 47 percent) in line with the corporate rate (39 percent) by the end of their three-year term.

Mr. Peacock promised an immediate 230 million dollars (174 million U.S.) increase in road funding as part of a billion dollar program over three years, to be paid for from an extra levy on petrol.

The liberal leader said the conservatives would double labor spending on soil conservation with funding of 46.4 million dollars (35.1 million U.S.) in the first year. And in a minor giveaway he promised free dental treatment to Australia's dwindling army of ex-prisoners of war.

Mr. Peacock used the seventh anniversary of Mr. Hawke's first election victory in 1983 to attack the prime minister on several fronts, including his handling of the domestic pilots dispute which he said had cost 22,500 jobs in the tourist industry and over 650 million dollars (491 million U.S.) in direct losses.

Mr. Hawke will officially launch the Labor Party's election policy in Brisbane on Thursday.

Domestic Pilots 'Surrender' in 7-Month Dispute

BK0703095090 Hong Kong AFP in English 0939 GMT 7 Mar 90

[Text] Melbourne, Australia, March 7 (AFP)—Australian air pilots virtually threw in the towel Wednesday [7 March] in a nearly seven-month-old pay dispute that has left them frozen out of the domestic airline industry.

The Australian Federation of Airline Pilots (AFAP) waved the white flag in the country's costliest labour row

by agreeing to submit to the Industrial Relations Commission which presides over the centralised wage-fixing system here. But the AFAP, whose 1,645 members resigned en masse in August, said its surrender was conditional upon the commission helping the pilots return to work without discrimination or reprisals.

The federation applied to be a respondent to seven awards covering the domestic airlines, a move Industrial Relations Commissioner John Maher called a "significant and substantial" change in its position.

The AFAP's drive for a 29.5 percent pay hike initially wreaked havoc with the services of private carriers Ansett and East West, the government-owned Australian Airlines and the freight hauler Ipec. Estimates of the damage to the country's economy, particularly its tourist industry, ran into hundreds of millions of dollars, with thousands of jobs lost. But the airlines, staunchly backed by the Labor government of Prime Minister Bob Hawke, rebuilt their services with the help of foreign airliners and military planes.

The domestic carriers, which were looking anyway to streamline costs ahead of deregulation in November, claim to have hired nearly all the pilots they want and restored 80 percent of their previous flying capacity. About 350 AFAP members have returned to their old posts while 300 others took jobs overseas.

Executive Director Terry O'Connell said Wednesday the AFAP, which has progressively given ground in the row, was prepared to abide by three conditions laid down by the Industrial Relations Commission last year. For the first time, the AFAP undertook to commit itself to wage-fixing principles, to abide by commission decisions and to lift bans on federation members seeking jobs with the airlines.

Mr. Maher said the AFAP's undertakings merited full examination and called on the chief executive officers of the major airlines to attend a special private conference with federation officials Friday. The airlines made no immediate comment. But their counsel Geoff Guidice opposed convening a private conference on the grounds the AFAP had not clearly shown its industrial action was over. He said the federation had continued to harass working pilots and had not given an unequivocal undertaking that the bans on pilots returning to work would be be lifted.

AFAP President Brian Mccarthy said the federation would attend Friday's talks. "The presence of the airlines' chief executives may well be the catalyst needed to start the resolution process," he said.

New Zealand

Opposition Switches Stand on U.S. Warship Visits

BK0803090690 Hong Kong AFP in English 0839 GMT 8 Mar 90

[By Michael Field]

[Text] Wellington, March 8 (AFP)—New Zealand's opposition National Party dramatically switched foreign policy here Thursday [8 March] saying it accepted the Labour government's anti-nuclear laws. The change effectively ended any chance of New Zealand returning to the ANZUS defence pact.

Ironically the change in a four-decade-old policy appears to have resulted from the U.S. decision last week to resume high level political contact with New Zealand Government leaders.

Opposition leader Jim Bolger told a press conference the National Party had always promoted a nuclear-free New Zealand but had not been able to back that with guarantees that nuclear weapons would not enter the country. He said the party had decided it should be in a "position to guarantee that New Zealand will be free of nuclear weapons." "So we will no longer accept ship visits on a neither confirm nor deny basis," he said.

Prime Minister Geoffrey Palmer termed the change "one of the greatest political somersaults in New Zealand's history." He said when the Labour government banned nuclear weapons the National Party heaped abuse on them, but now, six months from a general election, it embraced the policy. "The whole of New Zealand will be questioning the sincerity of a party which can make such a blatant and cynical flip-flop," he said.

Six-years-ago when the Labour government refused the visit of a U.S. warship unless the Pentagon gave an assurance it was not carrying nuclear weapons, Washington suspended defence ties with New Zealand which existed under the ANZUS (Australia, New Zealand and United States) defence pact. Washington also refused any political or military contacts with New Zealand, a policy it only reversed last week when U.S. Secretary of State James Baker met New Zealand Foreign Minister Mike Moore.

As New Zealand now has an effective bipartisan defence policy its participation in the ANZUS looks finished for good as no party now advocates support of U.S. nuclear policies. This was confirmed by National's Defence Spokesman Don Mckinnon who immediately quit his shadow portfolio saying: "ANZUS is, in effect, a dead issue for the National Party."

Mr. Bolger said a new defence relationship would have to be negotiated. "It may not be a renegotiation of ANZUS. It may be much more than that—a new security arrangement," he said.

Mr. Bolger denied the change in policy was made with an eye to the elections, saying National was ahead of the government in polls anyway. A NEW ZEALAND HERALD-national research bureau poll published Thursday showed that if an election had been held last weekend National would have taken 54 per cent of the vote and Labour 35 per cent. National had been keenly aware that the government's policy was popular in the electorate and Mr. Bolger was asked whether he would concede that

Labour was right. "Every opinion poll in the country says New Zealanders support nuclear weapons staying out. To that extent I guess they can claim they were right," he said.

Mr. Bolger said he had been under pressure from MPS [Members of Parliament] for several weeks to change the policy. Strongest pressure has come from a backbencher who wants to lead the party, Winston Peters. The strongest supporter of the old policy, former prime minister Sir Robert Muldoon, was absent from the crucial caucas meeting Thursday.

Mr. Bolger said recent major changes in Eastern Europe and the move from communism was a key reason for national's radical policy reversal. He said there had been real progress on nuclear disarmament and superpower relations had improved. "The world has changed. It would be foolish for New Zealand not to acknowledge those changes," he said.

Mr. Bolger said last week's Baker-Moore meeting was a factor. "That signalled in a very clear fashion that the U.S. has moved significantly on its former position. "It says very simply that the U.S. has at least thawed in part on the very firm line it had taken for five years. "That's part of the changes the National Party took into account."

Mr. McKinnon, a consistently strong supporter of accepting warship visits and leading New Zealand back into ANZUS, said the policy had been fundamental. "ANZUS has always been the cornerstone of our defence policy and it would not be credible, in my view, for me to sell a complete new policy and in fact spearhead that policy," he said immediately after Mr. Bolger's announcement. Mr. Mckinnon said he had sold National's policy around the world and to the armed forces in New Zealand. But taking the country back into ANZUS was no longer possible, he said.

Palmer on Suggestions About Rejoining ANZUS

BK0603015090 Melbourne Overseas Service in English 0100 GMT 6 Mar 90

[Text] New Zealand's prime minister, Mr. Palmer, has played down suggestions that a decision by the United States to resume high-level contacts with his government may lead to it rejoining the ANZUS defense alliance.

Speaking after a cabinet meeting in Wellington, Mr. Palmer said the United States has made it very clear that its change of policy does not extend to security or intelligence matters.

The change of policy was announced last week by the American secretary of state, Mr. James Baker, who immediately followed up by meeting New Zealand's external relations and trade minister, Mr. Moore, in Washington.

It was the first high-level contact since 1985 when the American Government banned ministerial meetings because of New Zealand's antinuclear policies which also led the country being suspended from the ANZUS defense alliance with Australia and the United States.

Solomon Islands

Melbourne Radio on Melanesian Leaders' Summit

BK0703045990 Melbourne Overseas Service in English 0300 GMT 7 Mar 90

[Text] The leaders of the three independent Melanesian nations are meeting in Honiara today for the first annual spearhead group summit. Radio Australia's South Pacific correspondent, Jemimah Gareth, says regional political developments and economic cooperation will be at the top of the agenda for the two-day meeting.

Papua New Guinea is being represented by the deputy prime minister, Mr. Akoka Doi; Solomon Islands, by the prime minister, Mr. Solomon Mamaloni, and the foreign minister, Sir Baddeley Devesi; and Vanuatu, by the prime minister, Father Walter Lini, and the foreign minister, Mr. Donald Kalpokas.

A three-member delegation from New Caledonia's Kanak independence movement, the FLNKS—the Kanak Socialist National Liberation Front—is being led by Mr. Francois Burck, the president of the main pro-independence party—Union Caledonian.

The leaders will be briefed on the political situation in Bougainville and New Caledonia as well as on progress being made in the regional campaign against drift-net fishing.

They are also expected to discuss measures to increase cooperation between the Melanesian nations, particularly in the areas of trade, investment, air services, cultural matters, and education and training.